



# LANGEBERG

MUNISIPALITEIT MUNICIPALITY MASIPALA

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2022**



AUDITOR GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*  
30 November 2022

**LANGEBERG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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# LANGEBERG LOCAL MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### General Information

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#### MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2022

For the period 01 July 2021 to 31 October 2021:

SW van Eeden      Executive Mayor

Cllr DB Janse      Corporate Services

Cllr JD Burger      Strategy & Social Development

Cllr EMJ Scheffers      Financial Services

Cllr GD Joubert      Engineering Services

Cllr GD Joubert      Community Services

For the period 01 November 2021 to 30 June 2022:

SW van Eeden      Executive Mayor

Cllr C Steyn      Corporate Services

Cllr JG Steenkamp      Strategy & Social Development

Cllr DAT Felix      Financial Services

Cllr JCJ Coetzee      Engineering Services

Cllr RC Henn      Community Services

#### AUDITORS

Auditor-General of South Africa  
19 Park Lane, Milnerton, Cape Town, 7441  
Western Cape

#### BANKERS

ABSA  
180 Commissioner Street, Johannesburg, 2001

#### REGISTERED OFFICE

28 Main Road  
Ashton, Western Cape, 6715

#### REGISTRATION NUMBER

WC026

#### ACTING MUNICIPAL MANAGER

M Mgajo

#### CHIEF FINANCIAL OFFICER

M Shude

# **LANGEBERG LOCAL MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **General Information (Continued)**

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#### **LEGAL FORM**

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

to provide democratic and accountable government for local communities;  
to ensure the provision of services to communities in a sustainable manner;  
to promote social and economic development;  
to promote a safe and healthy environment; and  
to encourage the involvement of communities and community organisations in the matters of local government  
The Municipality must strive, within its financial and administrative capacity, to achieve the objects as set out

#### **JURISDICTION**

Greater Langeberg area which includes:

Ashton  
Bonnievale  
McGregor  
Montagu  
Robertson

#### **LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS**

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements (Act no 66 of 1995)  
Disaster Management Act (Act no 57 of 2002)  
Division of Revenue Act (Act no 1 of 2005)  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Municipal Budget and Reporting Regulations, 2009  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations, 2006  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
SALGBC Leave Regulations, 2019  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
Income Tax Act (Act 58 of 1962)  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act (Act no 89 of 1991)  
Water Services Act (Act no 108 of 1997)

# **LANGEBERG LOCAL MUNICIPALITY** **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

## **Approval of Annual Financial Statements**

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### **MEMBERS OF THE LANGEBERG LOCAL MUNICIPALITY**

<b>Executive Mayor</b>	Ald SW van Eeden
<b>Deputy Executive Mayor</b>	Cllr JG Steenkamp
<b>Speaker</b>	Cllr P Hess
<b>Ward</b>	<b>Councillor</b>
1	Cllr C Steyn
2	Cllr L Gxowa
3	Cllr P Hess
4	Cllr JJS January
5	Cllr MG Oostendorff-Kraukamp
6	Cllr DB Janse
7	Cllr DAT Felix
8	Ald SW Van Eeden
9	Cllr Y Siegel
10	Cllr A Ndongeni
11	Cllr JCJ Coetzee
12	Cllr CJ Pokwas
Proportional	Cllr OC Simpson
Proportional	Cllr JS Mafilika
Proportional	Cllr LL Kahla
Proportional	Cllr GD Joubert
Proportional	Cllr JG Steenkamp
Proportional	Cllr RC Henn
Proportional	Cllr TV Coetzee
Proportional	Cllr NJ Beginsel
Proportional	Cllr CJ Grootboom
Proportional	Cllr D September
Proportional	Cllr M Gertse

**LANGEBERG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Approval of Annual Financial Statements**

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is of identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Langeberg Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors. I would like to bring to your attention the following material matters to your attention :

I certify that the salaries, allowances and benefits of councillors as disclosed in note 35 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements for the year ended 30 June 2022, which have been prepared on the going concern basis, were approved on 31 August 2022.

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**M Mgajo**  
**Acting Accounting Officer**

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31 August 2022  
**Date**

**LANGEBERG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Report of the Auditor General**

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- Insert Audit Report -

**LANGEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

	Note	2022 R	2021 Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>456 700 271</b>	<b>365 651 403</b>
Inventories	2.	19 074 281	15 465 679
Receivables from Exchange Transactions	3.	56 813 048	50 823 698
Statutory Receivables from Exchange Transactions	4.	2 586 256	1 155 500
Receivables from Non-exchange Transactions	5.	11 538 165	10 120 496
Statutory Receivables from Non-Exchange Transactions	6.	8 189 431	4 891 378
Cash and Cash Equivalents	7.	358 389 829	283 054 845
Lease Receivables	14.	109 261	139 807
<b>Non-Current Assets</b>		<b>852 786 906</b>	<b>806 226 689</b>
Property, Plant and Equipment	8.	822 753 869	775 625 855
Intangible Assets	9.	1 036 964	1 017 125
Investment Property	10.	28 183 133	28 511 536
Heritage Assets	11.	275 448	275 448
Non-current Investments	13.	137 205	135 546
Long-term Receivables	15.	400 287	661 179
<b>Total Assets</b>		<b>1 309 487 177</b>	<b>1 171 878 092</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>194 037 615</b>	<b>173 755 500</b>
Consumer Deposits	16.	15 783 208	14 280 417
Payables from Exchange Transactions	17.	92 291 577	77 219 471
Unspent Conditional Grants and Receipts	18.	28 591 429	28 796 545
Lease Payables	19.	195 098	811 759
Borrowings	20.	4 062 325	4 059 825
Employee Benefit Liabilities	21.	24 056 510	22 672 088
Provisions	22.	29 057 468	25 915 395
<b>Non-Current Liabilities</b>		<b>157 112 879</b>	<b>144 089 726</b>
Lease Payables	19.	69 785	232 750
Borrowings	20.	31 912 840	35 847 706
Employee Benefit Liabilities	21.	60 995 000	61 444 000
Provisions	22.	64 135 254	46 565 270
<b>Total Liabilities</b>		<b>351 150 494</b>	<b>317 845 226</b>
<b>Total Assets and Liabilities</b>		<b>958 336 683</b>	<b>854 032 867</b>
<b>NET ASSETS</b>		<b>958 336 682</b>	<b>854 032 867</b>
Reserves	23.	62 920 999	62 920 999
Accumulated Surplus / (Deficit)	24.	895 415 683	791 111 868
<b>Total Net Assets</b>		<b>958 336 682</b>	<b>854 032 867</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

		Actual	
	Note	2022	2021
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>285 347 816</b>	<b>217 671 857</b>
Property Rates	25.	92 757 614	59 485 886
Fines, Penalties and Forfeits	26.	10 710 360	7 537 290
Transfers and Subsidies	28.	177 815 768	146 587 651
Availability Charges	29.	2 979 461	3 420 436
Finance Income	33.	1 084 613	640 594
<b>Revenue from Exchange Transactions</b>		<b>678 007 882</b>	<b>594 371 169</b>
Licences and Permits	27.	2 132 063	2 157 771
Service Charges	29.	637 465 642	553 025 385
Sales of Goods and Rendering of Services	30.	6 038 475	5 916 600
Income from Agency Services	31.	5 106 265	5 166 816
Rental from Fixed Assets	32.	3 365 264	2 902 788
Finance Income	33.	18 309 708	12 708 522
Operational Revenue	34.	5 219 599	12 152 544
Gains on Disposal of Property, Plant and Equipment	49.	370 866	340 743
<b>Total Revenue</b>		<b>963 355 698</b>	<b>812 043 026</b>
<b>EXPENDITURE</b>		<b>859 084 717</b>	<b>777 701 921</b>
Employee Related Costs	35.	216 975 370	210 547 287
Remuneration of Councillors	36.	10 750 827	10 701 102
Depreciation and Amortisation	37.	36 769 399	33 018 166
Bad Debt Written Off	38.	25 808 416	10 679 186
Impairment Losses	39.	13 270 054	10 118 569
Finance Cost	41.	16 187 928	14 801 448
Bulk Purchases	42.	428 148 787	370 850 118
Contracted Services	43.	29 095 310	28 012 896
Inventory Consumed	44.	39 148 949	48 399 138
Transfers and Subsidies Paid	45.	2 501 004	2 131 699
Operating Leases	46.	277 912	-
Operational Costs	47.	40 150 761	38 442 312
<b>Total Expenditure</b>		<b>859 084 717</b>	<b>777 701 921</b>
<b>OPERATING SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>104 270 981</b>	<b>34 341 105</b>
<b>OTHER REVENUE / EXPENDITURE INCURRED</b>			
<b>Other Operations:</b>			
Inventory Gains/(Losses)	40.	30 840	6 107
Gains on Other Fair Value Adjustments	48.	4 289	63 047
Losses on Fair Value Adjustment	48.	(2 295)	-
<b>TOTAL OTHER REVENUE / EXPENDITURE INCURRED</b>		<b>32 834</b>	<b>69 154</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>104 303 815</b>	<b>34 410 259</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
<b>2021</b>	<b>R</b>	<b>R</b>	<b>R</b>
Balance at 30 June 2020	62 920 999	756 702 379	819 623 378
<b>Restated Balance</b>	<b>62 920 999</b>	<b>756 702 379</b>	<b>819 623 378</b>
Surplus / (Deficit) for the year	-	34 410 259	34 410 259
<i>Surplus / (Deficit) as per prior 2020/21 AFS</i>		791 112 638	791 112 638
<i>Rounding Difference</i>		(771)	(771)
<i>Revenue &amp; Expenditure Correction of Error (Note 48.)</i>			
<b>Balance at 30 June 2021</b>	<b>62 920 999</b>	<b>791 111 867</b>	<b>854 032 866</b>
<b>2022</b>			
<b>Restated Balance</b>	<b>62 920 999</b>	<b>791 111 867</b>	<b>854 032 866</b>
Surplus / (Deficit) for the year	-	104 303 815	104 303 815
<b>Balance at 30 June 2022</b>	<b>62 920 999</b>	<b>895 415 682</b>	<b>958 336 681</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Actual 2022 R	2021 Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxation		89 459 561	59 485 886
Service Charges		589 267 558	563 592 159
Sale of goods and services		32 602 572	20 274 599
Grants		176 259 599	168 263 672
Finance Income		19 394 321	13 349 117
<b>Payments</b>			
Employees		(232 989 775)	(216 847 983)
Transfer and grants		(2 501 004)	(2 131 698)
Suppliers Paid		(515 013 761)	(460 277 865)
Finance Costs		(3 689 144)	(5 155 901)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>52.</b>	<b>152 789 927</b>	<b>140 551 986</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property , plant and equipment	<b>8.</b>	(74 890 670)	(56 775 969)
Proceeds from sale of property,plant and equipment		403 540	1 507 511
Purchase of other intangible assets		(19 839)	-
Proceeds from investments		335	
Decrease/(increase) in long term receivables		260 892	(64 208)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(74 245 742)</b>	<b>(55 332 666)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in consumer deposits		1 502 791	1 554 208
Increase/Repayment of borrowings		(3 932 366)	(3 938 992)
Finance lease payments		(779 626)	(753 296)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3 209 201)</b>	<b>(3 138 080)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>75 334 984</b>	<b>82 081 240</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>283 054 845</b>	<b>200 973 606</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>7.</b>	<b>358 389 829</b>	<b>283 054 846</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2021 TO 30 JUNE 2022

30 June 2022

Reasons have been provided for all variance above +-10%

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual	Difference between final budget and actual	Reasons for variances
	R	R	R	R	R	%	
<b>FINANCIAL POSITION</b>							
<b>Current Assets</b>							
Cash	77 812 255,00	18 404 863	96 217 118	91 804 779	(4 412 339)	-5%	N/A
Call investment deposits	-	-	-	266 585 050	266 585 050	100%	Additional funds invested at year end on short term due to CAPEX underspending.
Consumer debtors	86 059 888	(30 637 455)	55 422 433	62 159 470	6 737 037	12%	Impact of Covid on collection rate not as severe as anticipated.
Other debtors	17 052 611	2 696 779	19 749 390	16 967 430	(2 781 960)	-14%	Less impairment on debtors as anticipated.
Current portion of long-term receivables	608 969	(652 348)	(43 379)	-	43 379	-100%	Due to provision for impairment on fines.
Inventory	40 895 223	(25 916 235)	14 978 988	19 074 281	4 095 293	27%	There was an error in the adjustment budget which led to a negative amount.
Lease Receivables	-	-	-	109 261	109 261	100%	Housing sites handed over to beneficiaries were less than anticipated. Moreover, underspending on CAPEX resulted in high inventory levels.
<b>Non-Current Assets</b>							No lease receivables anticipated during the budget process.
Long-term receivables	1 178 534	17 755 368	18 933 902	400 287	(18 533 615)	-98%	More debt impairment was processed on long-term receivables than anticipated.
Investments	72 499	63 048	135 547	137 205	1 658	1%	N/A
Investment property	27 931 363	580 173	28 511 536	28 183 133	(328 403)	-1%	N/A
Property, plant and equipment	877 202 187	(27 257 739)	849 944 448	822 753 869	(27 190 579)	-3%	N/A
Intangible	11 017 125	(10 000 000)	1 017 125	1 036 964	19 839	2%	N/A
Other non-current assets	275 448	-	275 448	275 448	-	0%	N/A
<b>Total Assets</b>	<b>1 140 106 102</b>	<b>(54 963 546)</b>	<b>1 085 142 556</b>	<b>1 309 487 177</b>	<b>224 344 621</b>		
<b>Current Liabilities</b>							
Borrowing	10 097 298	(5 225 713)	4 871 585	4 257 423	(614 162)	-13%	The decrease in borrowings is due to a planned loan for vehicles that was budgeted for which has not yet been finalised.
Consumer deposits	12 726 209	1 554 209	14 280 418	15 783 208	1 502 790	11%	Increase in consumer deposits is due to additional Municipal accounts that were opened during the FY than anticipated.
Trade and other payables	90 774 639	9 883 480	100 658 119	120 883 006	20 224 887	20%	Increase in unspent grants due to delay caused by the National Treasury Instruction to halt all Supply Chain Management processes and late June invoices received after financial year end.
Provisions	40 831 361	7 653 972	48 485 333	53 113 978	4 628 645	10%	This is due to an increase in the estimated costs per square meter of rehabilitating the Municipal Landfill Sites.
<b>Non-Current Liabilities</b>							
Borrowing	46 422 037	7 225 670	53 647 707	31 982 625	(21 665 082)	-40%	The decrease in borrowings is due to a planned loan for vehicles that was budgeted for which has not yet been finalised.
Provisions	100 856 286	6 195 755	107 052 041	125 130 254	18 078 213	17%	This is due to an increase in the estimated costs per square meter of rehabilitating the Municipal Landfill Sites.
<b>Total Liabilities</b>	<b>301 707 830</b>	<b>27 287 373</b>	<b>328 995 203</b>	<b>351 150 494</b>	<b>22 155 291</b>		
<b>Total Assets and Liabilities</b>	<b>838 398 272</b>	<b>(62 250 919)</b>	<b>756 147 353</b>	<b>958 336 683</b>	<b>202 189 330</b>		
<b>Net Assets (Equity)</b>							
Reserves	62 921 000	(1)	62 920 999	62 920 999	-	0%	N/A
Accumulated Surplus / (Deficit)	775 477 272	62 579 095	838 056 367	895 415 683	57 359 316	7%	N/A
<b>Total Net Assets</b>	<b>838 398 272</b>	<b>62 579 094</b>	<b>900 977 366</b>	<b>958 336 682</b>	<b>57 359 316</b>		



AUDITOR GENERAL  
SOUTH AFRICA

Auditing to build public confidence

30 November 2022

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2021 TO 30 JUNE 2022**

30 June 2022

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
<b>FINANCIAL PERFORMANCE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
<b>Revenue</b>							
Property Rates	86 145 806	3 854 194	90 000 000	92 757 614	2 757 614	3%	N/A
Service charges	615 623 854		615 623 854	640 445 103	24 821 249	4%	N/A
Rental of facilities and equipment	2 515 407		2 515 407	3 365 264	849 857	34%	Conservative Budgeting was done due to Covid Restrictions.
Interest earned - external investments	15 599 000	(1 500 000)	14 099 000	15 636 549	1 537 549	11%	More interest rates on investments than anticipated due to lifting of Covid-19 restrictions.
Interest earned - outstanding debtors	3 316 886		3 316 886	3 757 772	440 886	13%	Conservative Budgeting was done due to Covid Restrictions.
Dividends received	-		-	-	-	0%	N/A
Fines, penalties and forfeits	8 394 316		8 394 316	10 710 360	2 316 044	28%	There are more traffic infringements than anticipated as a result COVID-19 restrictions lifted.
Licences and permits	764 842		764 842	2 132 063	1 367 221	179%	Conservative Budgeting was done due to extension granted as result of the lockdown restrictions.
Agency services	5 810 659		5 810 659	5 106 265	(704 394)	-12%	Less revenue collected on behalf of the department consequent to extension granted as result of the lockdown restrictions.
Transfers and subsidies	111 025 262	21 475 145	132 500 407	177 815 768	45 315 361	34%	Projects that were not completed in the prior year were rolled over as approved by Treasury and implemented in the 2021/2022 year, which resulted in the revenue being recognised in the 2021/2022 year.
Other revenue	5 218 992	-	5 218 992	11 290 908	6 071 916	116%	Conservative Budgeting was done due to Covid Restrictions.
Gains	-		-	370 866	370 866	100%	Contribution income from provision on landfill sites rehabilitation
<b>Total Revenue</b>	<b>854 415 024</b>	<b>23 829 339</b>	<b>878 244 363</b>	<b>963 388 532</b>	<b>85 144 169</b>		Land sales were not anticipated in previous high lockdown levels.
<b>Expenditure</b>							
Employee Related Costs	252 109 933	(4 693 878)	247 416 055	216 975 370	(30 440 685)	-12%	The variance is caused by budgeted vacant posts that could not yet be filled. There are also employees who resigned and their positions are not filled as at 30 June 2022.
Remuneration of Councillors	11 568 404		11 568 404	10 750 827	(817 577)	-7%	N/A
Debt impairment	19 740 167		19 740 167	39 017 825	19 277 658	98%	Implementation of new indigent cycle, resulting in increased debt impairment or debt write-off.
Depreciation & asset impairment	34 314 395		34 314 395	36 830 044	2 515 649	7%	N/A
Finance charges	9 018 341	(1 447 916)	7 570 425	16 187 928	8 617 503	114%	Increase in actual Finance costs due to unwinding of Provision for landfill sites.
Bulk purchases	430 117 460		430 117 460	428 148 787	(1 968 673)	0%	N/A
Inventory consumed	20 782 452	16 505 087	37 287 539	39 148 949	1 861 410	5%	N/A
Contracted services	45 488 812	4 757 134	50 245 946	29 095 310	(21 150 636)	-42%	Due to unspending on slow moving CAPEX projects.
Transfers and subsidies	2 530 731	1 257 847	3 788 578	2 501 004	(1 287 574)	-34%	Reduction in actual costs due to implementation of cost containment measures.
Other expenditure	54 793 956	3 007 094	57 801 050	40 428 673	(17 372 377)	-30%	Reduction in actual costs due to implementation of cost containment measures.
<b>Total Expenditure</b>	<b>880 464 651</b>	<b>19 385 368,00</b>	<b>899 850 019</b>	<b>859 084 717</b>	<b>(40 765 302)</b>		
<b>Surplus/(Deficit for the Year)</b>	<b>(26 049 627)</b>	<b>4 443 971</b>	<b>(21 605 656)</b>	<b>104 303 815</b>	<b>125 909 471</b>		



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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2021 TO 30 JUNE 2022**

30 June 2022

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
<b>CASH FLOW</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	
<b>Cash Flows from/(used in) Operating Activities</b>							
<b>Receipts</b>							
Property Rates	82 699 974	(8 193 723)	74 506 251	89 459 561	14 953 310	20%	Collection rate improved despite COVID-19 restrictions indicating that the municipality's quality of credit control is strong as the municipality ensures that billed revenue is collected from consumers.
Transfers and Subsidies	161 161 016	39 316 884	200 477 900	176 259 599	(24 218 301)	-12%	Budget amount includes rollover of unspent grants that have already been in the 2020/21 financial year whilst the actual amount only includes the receipts for the 2021/22 allocation.
Service Charges	590 998 901	15 809 186	606 808 087	589 267 558	(17 540 529)	-3%	N/A
Interest	15 599 000	-	15 599 000	19 394 321	3 795 321	24%	More interest rates on investments than anticipated due to lifting of Covid-19 restrictions.
Other Receipts	22 704 216	820 685	23 524 901	32 602 572	9 077 671	39%	Conservative Budgeting was done due to Covid Restrictions.
<b>Payments</b>							
Suppliers and employees	(757 803 801)	(30 168 725)	(787 972 526)	(748 003 536)	(39 968 990)	-5%	N/A
Finance charges	(9 018 341)	-	(9 018 341)	(3 689 144)	(5 329 197)	-59%	This is due to a planned loan for vehicles that was budgeted for which has not yet been finalised.
Transfers and Grants	(2 530 731)	-	(2 530 731)	(2 501 004)	(29 727)	-1%	N/A
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>103 810 234</b>	<b>17 584 307</b>	<b>121 394 541</b>	<b>152 789 927</b>	<b>(59 260 442)</b>		
<b>Cash Flows from/(used in) Investing Activities</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	-	-	-	403 540	(403 540)	-100%	Land sales were not anticipated in previous high lockdown levels.
Decrease (increase) in non-current receivables	-	-	-	260 892	260 892	100%	Receivable was anticipated.
Decrease (increase) in non-current investments	-	-	-	335	335	100%	Investments were not taken into account in the approved budget.
<b>Payments</b>							
Capital assets	(101 758 738)	(6 874 277)	(108 633 015)	(74 910 509)	(33 722 506)	-31%	Underspending in the Capital Budget.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(101 758 738)</b>	<b>(6 874 277)</b>	<b>(108 633 015)</b>	<b>(74 245 742)</b>	<b>34 387 273</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Short term loans	-	-	-	-	-	0%	N/A
Borrowing long term/refinancing	17 800 000	-	17 800 000	-	(17 800 000)	100%	This is due to a planned loan for vehicles that was budgeted for which has not yet been finalised.
Increase (decrease) in consumer deposits	-	-	-	1 502 791	1 502 791	100%	Increase in consumer deposit is due to additional Municipal accounts that were opened during the FY.
Repayment of borrowing	(6 924 992)	2 861 042	(4 063 950)	(3 932 366)	(131 584)	-3%	N/A
	-	-	-	(779 626)	(779 626)	100%	Finance leases were not taken into account in the approved budget.
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>10 875 008</b>	<b>2 861 042</b>	<b>13 736 050</b>	<b>(3 209 201)</b>	<b>(16 945 251)</b>		
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>96 012 975</b>	<b>187 041 870</b>	<b>283 054 845</b>	<b>283 054 845</b>	<b>-</b>		
<b>Cash and Cash Equivalents at End of the Year</b>	<b>108 939 479</b>	<b>200 612 942</b>	<b>309 552 421</b>	<b>358 389 829</b>	<b>48 837 408</b>		



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30 November 2022

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**1. BASIS OF PRESENTATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of Section 122(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

**1.1 Presentation Currency**

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

**1.2 Critical Judgements, Estimations and Assumptions**

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**1.2.1 Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.2.2 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

b) Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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### **1.2.3 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

### **1.2.4 Impairment of Statutory Receivables**

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

### **1.2.5 Provision for Performance Bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

### **1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property**

#### **Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets. The municipality referred to buildings in other municipal areas to determine the useful life of buildings. The municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.



**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the municipality's asset register.
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate.
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### **Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuer. The valuer's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.2.7 Pre-paid Electricity Estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

#### **1.2.8 Post-retirement medical obligations, long service awards and ex gratia gratuities**

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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### **1.2.9 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### **1.2.10 Componentisation of Infrastructure Assets**

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109. When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

### **1.2.11 Impairment of Loans and Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

## **1.3 Materiality**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

## **1.4 Going Concern Assumption**

The Annual Financial Statements have been prepared on a Going Concern Assumption.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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### **1.5 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transact for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements.

## **2. BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24, and are consistent with the Accounting Policies

The approved budget covers the period from 1 July 2021 to 30 June 2022.

## **3. INVENTORIES**

### **3.1 Recognition and Initial Measurement**

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is measured by multiplying the cost per kilolitre of purified water by the amount of water in storage.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### 3.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method. The first-in-out-method is applied to maintenance material inventory items. The weighted average method is applied to compost, low-cost housing, water for distribution and the remaining inventory items which are not maintenance related.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

## 4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

### Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Listed Shares	Financial Assets at Fair Value
Investments – Unlisted Shares	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### 4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Unspent Conditional Grants	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

#### 4.3 Initial and Subsequent Measurement

##### 4.3.1 Financial Assets:

##### Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

##### Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

##### Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

##### 4.3.2 Financial Liabilities:

##### Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

##### Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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#### **4.4 Impairment of Financial Assets**

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

##### **4.4.1 Financial Assets at Amortised Cost**

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

##### **4.4.2 Financial Assets at Cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

#### **4.5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

#### **4.6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**5. STATUTORY RECEIVABLES**

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

Statutory receivables arise from the following legislation:

- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)

**5.1 Recognition and Initial Measurement**

The municipality recognises statutory receivables as follows:

- a) If the transaction is an exchange transaction, using the policy on revenue from exchange transactions.
- b) If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers)
- c) If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines - Criminal procedures Act (51 of 1977)

**5.2 Subsequent Measurement**

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

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### 5.3 Impairment

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial reorganisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### 5.4 Derecognition

The municipality derecognises a statutory receivable when:

- a) The rights to the cash flows from the receivable are settled, expire or are waived.
- b) The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
- c) The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality:

- d) derecognises the receivable; and
- e) recognises separately any rights and obligations created or retained in the transfer.



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**6. CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**7. PROPERTY, PLANT AND EQUIPMENT**

**7.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

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## 7.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

## 7.3 Depreciation and Impairment

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
<b>Buildings</b>		<b>Community</b>	
Improvements	1 - 105	Community Facilities	5 - 50
		Recreational Facilities	7 - 100
<b>Infrastructure</b>		Security	5
Electricity	1 - 80	Halls	1 - 105
Roads and Paving	1 - 100	Libraries	1 - 100
Sewerage / Solid Waste	1 - 100	Parks and gardens	1 - 100
Water	1 - 125	Other assets	7 - 100
Housing	1 - 105		
		<b>Other</b>	
		Computer Equipment	2 - 20
		Specialised vehicles	10 - 20
		Furniture and Fittings	1 - 100
		Transport Assets	4 - 45
		Office Equipment	2 - 22
		Plant and Equipment	1 - 40
		Other Assets	2 - 22
		Quarries	25
		Landfill sites	1-15

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment charged to the Statement of Financial Performance is the difference between the carrying value and the recoverable service amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **7.4 Land**

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

#### **7.5 Derecognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

### **8. INTANGIBLE ASSETS**

#### **8.1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

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## 8.2 Amortisation and Impairment

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	Indefinite		Servitudes	Indefinite

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

## 8.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

# 9. INVESTMENT PROPERTY

## 9.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality and
- The cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost. Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

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### 9.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 1 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

### 9.3 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The annual depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings	1-100		Land	Indefinite

## 10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

### 10.1 Initial Recognition

Heritage Assets are initially recognised at cost.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

### 10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's or recoverable service amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value or recoverable service amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

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### **10.3 Derecognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

## **11. LIVING AND NON-LIVING RESOURCES**

Living Resources are defined as living organisms such as animals and plants that are used or held for the delivery or provision of goods and services, research, conservation, recreation, agricultural activities, education and training and rehabilitation or breeding processes.

Agricultural Assets are excluded from the scope of this Standard and are accounted for by the municipality in accordance with GRAP 27 (Agricultural Assets).

Living Resources are assets that undergo biological transformation and are those organisms that can grow, reproduce and degenerate. These assets include fruit trees, cattle and seed-bearing plants.

Non-living Resources are those resources, other than living resources, that occur naturally and have not been extracted from their source. These assets includes minerals, oils, etc.

Agricultural Assets are assets that are produced from living resources through agricultural activity and biological transformation through growth, degeneration and procreation. These assets are fruit from fruit-bearing plants, eggs from feathered animals and seeds from seed-bearing plants.

### **11.1 Initial Recognition and Measurement**

A Living Resource shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and when the cost or fair value of the asset can be measured reliably.

A Living Resource that qualifies for recognition as an asset shall be recognised at its cost.

Where a Living Resource is acquired through a non-exchange transaction, its cost shall be recognised at its fair value as at the date of the acquisition.

## **12. IMPAIRMENT OF ASSETS**

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

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### **12.1 Impairment of Cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

### **12.2 Impairment of Non-cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. An impairment loss is recognised immediately in surplus or deficit.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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### **13. CONSUMER DEPOSITS**

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

### **14. PROVISIONS**

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or
  - the principal
  - the location,
  - the expenditures
  - when the plan
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### **15. LEASES**

#### **15.1 The Municipality as Lessee**

##### **15.1.1 Finance Leases**

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.



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### **15.1.2 Operating Leases**

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

### **15.2 The Municipality as Lessor**

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

## **16. BORROWING COSTS**

All borrowing costs are treated as an expense in the period in which they are incurred.

## **17. EMPLOYEE BENEFIT LIABILITIES**

### **17.1 Short-term Employee Benefits**

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid.  
If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### **17.1.1 Provision for Staff Leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **17.1.2 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

#### **17.1.3 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

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## **17.2 Post-employment Benefits**

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

### **17.2.1 Defined Contribution Plans**

In measuring its defined benefit liability, the municipality recognises past service cost as an expense in the reporting period in which the plan is amended. For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### **17.2.2 Defined Benefit Plans**

#### **Post-retirement Health Care Benefits**

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element.

The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Past-service costs are recognised immediately in Surplus or Deficit.

#### **Long-service Allowance**

Long service awards are provided to employees who achieve certain predetermined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

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**Ex-Gratia Pension Benefits**

Ex-gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of interest cost in GRAP 25.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**18. NET ASSETS**

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

**18.1 Accumulated Surplus**

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

**18.1.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

**19. REVENUE RECOGNITION**

**19.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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Revenue from property rates is recognised when the legal entitlement to this revenue arises.

At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2021 was written off in the 2021/2022 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires when all unclaimed deposits into the municipality's bank account will be treated as revenue. This policy is in line with the prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

# LANGEBERG LOCAL MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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Services in-kind that are significant to the municipality's operations are recognised as assets and the related revenue when:

- It is probable that the future economic benefits or service potential will flow to the Municipality and
- The fair value of the assets can be measured reliably.

If the services in-kind are not significant to the municipality's operations or does not satisfy the above-mentioned criteria, the municipality only discloses the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the municipality controls the resource from which future economic benefits or service potential is expected to flow to the municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

### 19.1.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

### 19.1.2 Fines

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset.

### 19.1.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

### 19.1.4 Public Contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**19.1.5 Other Donations and Contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

**19.1.6 Rentals Received**

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

**19.1.7 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**19.2 Revenue from Exchange Transactions**

**19.2.1 Service Charges**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property, a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **19.2.2 Prepaid Electricity**

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

#### **19.2.3 Rentals Received**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

#### **19.2.4 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**19.2.5 Interest Earned**

Interest revenue is recognised using the effective interest rate method.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

**19.2.6 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

**19.2.7 Royalties**

Royalties are recognised on an Accrual Basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a Straight-line Basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

**19.2.8 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**20. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

**21. ACCOUNTING BY PRINCIPALS AND AGENTS**

**21.1 Identifying whether an entity is a principal or an agent**

When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.



**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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### **21.2 Binding arrangement**

The municipality assesses whether it is the agent or the principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

The municipality is the agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

The municipality is an agent for the Western Cape Provincial Department and receives a commission of 12% per signed agreement.

### **21.3 Recognition**

The municipality, as the agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

## **22. SEGMENT REPORTING**

A segment is an activity of a municipality:

- a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- c) for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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**22.1 Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

**23. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**24. IRREGULAR EXPENDITURE**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**25. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**26. COMMITMENTS**

- Items are classified as capital commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.
- Disclosures are required in respect of unrecognised contractual future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.
- Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:
  - Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).
  - Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**27. RELATED PARTIES**

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- a) Identifying related party relationships and transactions;
- b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- d) Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

A person or a close member of that person's family is related to the reporting entity if that person:

- a) has control or joint control over the reporting entity;
- b) has significant influence over the reporting entity or is a member of the management of the entity or its controlling entity.
- c) is a member of the management of the entity or its controlling entity.

**LANGEBERG LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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An entity is related to the reporting entity if any of the following conditions apply:

a) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

- a) both entities are joint ventures of the same third party;
- b) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- c) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity

Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

- a) the entity is controlled or jointly controlled by a person identified in (a); and
- b) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## **28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

## **29. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the municipality discloses the nature and an estimate of the financial effect.

## **30. VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**31. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Expected impact
• Guideline	<b>GRAP 25 – Employee Benefits</b>	Not yet determined	Unlikely impact will be material
• Guideline	<b>The Application of Materiality to Financial Statements</b> No changes expected	Not yet determined	Unlikely impact will be material
• IGRAP 21	<b>The effect of Past Decisions on Materiality</b> No changes expected	01 April 2023	Unlikely impact will be material
• Guideline	<b>Accounting for Landfill Sites</b> None, Standard not applicable to Municipality	Not yet determined	Unlikely impact will be material
• Guideline	<b>GRAP 104 - Financial Instruments</b>	01 April 2025	Unlikely impact will be material
• GRAP 1	<b>Presentation of Financial Statements</b>	01 April 2023	Unlikely impact will be material
• GRAP	<b>Improvements to Standards of GRAP 2020</b>	01 April 2023	Unlikely impact will be material
• GRAP 7	<b>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</b>	01 April 2023	Unlikely impact will be material

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>1. GENERAL INFORMATION</b>		
<p>Langeberg Local Municipality is a local government institution in Ashton, Western Cape, and is one of five local municipalities under the jurisdiction of the Cape Winelands District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA, Act no 56 of 2003).</p>		
<b>2. INVENTORIES</b>		
Consumables	3 807 715	5 243 136
Finished Goods	1 275 323	830 350
Housing Stock	4 859 205	609 401
Land	2 714 025	1 982 546
Materials and Supplies	6 236 040	6 620 903
Water - At Cost	181 973	179 343
<b>Total Inventories</b>	<b>19 074 281</b>	<b>15 465 679</b>

The cost of Inventories recognised as an expense amounted to R39 148 949 (2021: R48 399 138)

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2022</b>			
Service Debtors:	82 169 131	27 379 741	54 789 390
Electricity	36 358 469	4 092 097	32 266 372
Refuse	10 443 726	5 876 881	4 566 845
Sewerage	12 385 801	7 506 608	4 879 193
Merchandising, Jobbing and Contracts	4 412	-	4 412
Other Service Charges	7 380 836	2 130 514	5 250 322
Water	15 595 887	7 773 641	7 822 246
Other Receivables	1 271 512	730 483	541 029
Other Debtors	44 536	-	44 536
Prepayments and Advances	1 437 718	-	1 437 718
Control, Clearing and Interface Accounts	375	-	375
<b>Total Receivables from Exchange Transactions</b>	<b>84 923 272</b>	<b>28 110 224</b>	<b>56 813 048</b>

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Service Debtors:	70 670 417	21 977 025	48 693 392
Electricity	26 834 541	2 425 422	24 409 119
Refuse	8 114 899	5 055 275	3 059 624
Sewerage	9 863 896	6 532 607	3 331 289
Merchandising, Jobbing and Contracts	5 272	-	5 272
Other Service Charges	13 581 705	1 576 586	12 005 119
Water	12 270 104	6 387 135	5 882 969
Other Receivables	1 021 753	697 429	324 324
Other Debtors	40 391	-	40 391
Prepayments and Advances	1 765 216	-	1 765 216
Control, Clearing and Interface Accounts	375	-	375
<b>Total Receivables from Exchange Transactions</b>	<b>73 498 152</b>	<b>22 674 454</b>	<b>50 823 698</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2022**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Electricity:</b>					
Gross Balances	29 980 666	1 500 972	795 542	4 081 289	36 358 469
Less: Provision for Impairment	-	-	-	4 092 097	4 092 097
<b>Net Balances</b>	<b>29 980 666</b>	<b>1 500 972</b>	<b>795 542</b>	<b>(10 808)</b>	<b>32 266 372</b>
<b>Refuse:</b>					
Gross Balances	2 923 421	761 327	684 970	6 074 007	10 443 726
Less: Provision for Impairment	-	-	-	5 876 881	5 876 881
<b>Net Balances</b>	<b>2 923 421</b>	<b>761 327</b>	<b>684 970</b>	<b>197 126</b>	<b>4 566 845</b>
<b>Sewerage:</b>					
Gross Balances	3 174 427	860 324	776 571	7 574 479	12 385 801
Less: Provision for Impairment	-	-	-	7 506 608	7 506 608
<b>Net Balances</b>	<b>3 174 427</b>	<b>860 324</b>	<b>776 571</b>	<b>67 871</b>	<b>4 879 193</b>
<b>Merchandising, Jobbing and Contracts</b>					
Gross Balances	4 412	-	-	-	4 412
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>4 412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 412</b>
<b>Other Service Charges:</b>					
Gross Balances	3 648 982	128 855	106 302	3 496 697	7 380 836
Less: Provision for Impairment	-	-	-	2 130 514	2 130 514
<b>Net Balances</b>	<b>3 648 982</b>	<b>128 855</b>	<b>106 302</b>	<b>1 366 183</b>	<b>5 250 322</b>
<b>Water:</b>					
Gross Balances	5 518 997	1 213 346	1 027 472	7 836 073	15 595 887
Less: Provision for Impairment	-	-	-	7 773 641	7 773 641
<b>Net Balances</b>	<b>5 518 997</b>	<b>1 213 346</b>	<b>1 027 472</b>	<b>62 432</b>	<b>7 822 246</b>
<b>Other Receivables:</b>					
Gross Balances	1 271 512	-	-	-	1 271 512
Less: Provision for Impairment	730 483	-	-	-	730 483
<b>Net Balances</b>	<b>541 029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>541 029</b>
<b>Other Debtors:</b>					
Gross Balances	44 536	-	-	-	44 536
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>44 536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44 536</b>
<b>Prepayments and Advances:</b>					
Gross Balances	1 437 718	-	-	-	1 437 718
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>1 437 718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 437 718</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Control, Clearing and Interface Accounts:**

Gross Balances	375	-	-	-	375
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	48 005 046	4 464 824	3 390 857	29 062 545	84 923 272
Less: Provision for Impairment	730 483	-	-	27 379 741	28 110 224
<b>Net Balances</b>	<b>47 274 563</b>	<b>4 464 824</b>	<b>3 390 857</b>	<b>1 682 804</b>	<b>56 813 048</b>

**As at 30 June 2021**

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**Electricity:**

Gross Balances	23 597 217	348 913	178 344	2 710 067	26 834 541
Less: Provision for Impairment	-	-	-	2 425 422	2 425 422
<b>Net Balances</b>	<b>23 597 217</b>	<b>348 913</b>	<b>178 344</b>	<b>284 645</b>	<b>24 409 119</b>

**Refuse:**

Gross Balances	2 181 189	383 240	325 259	5 225 211	8 114 899
Less: Provision for Impairment	-	-	-	5 055 275	5 055 275
<b>Net Balances</b>	<b>2 181 189</b>	<b>383 240</b>	<b>325 259</b>	<b>169 936</b>	<b>3 059 624</b>

**Sewerage:**

Gross Balances	2 473 755	455 419	372 539	6 562 183	9 863 896
Less: Provision for Impairment	-	-	-	6 532 607	6 532 607
<b>Net Balances</b>	<b>2 473 755</b>	<b>455 419</b>	<b>372 539</b>	<b>29 576</b>	<b>3 331 289</b>

**Merchandising, Jobbing and Contracts:**

Gross Balances	5 272	-	-	-	5 272
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>5 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 272</b>

**Other Service Charges:**

Gross Balances	4 866 116	2 592 781	2 375 504	3 747 304	13 581 705
Less: Provision for Impairment	-	-	-	1 576 586	1 576 586
<b>Net Balances</b>	<b>4 866 116</b>	<b>2 592 781</b>	<b>2 375 504</b>	<b>2 170 718</b>	<b>12 005 119</b>

**Water:**

Gross Balances	4 316 666	827 937	603 698	6 521 803	12 270 104
Less: Provision for Impairment	-	-	-	6 387 135	6 387 135
<b>Net Balances</b>	<b>4 316 666</b>	<b>827 937</b>	<b>603 698</b>	<b>134 668</b>	<b>5 882 969</b>

**Other Receivables:**

Gross Balances	1 021 753	-	-	-	1 021 753
Less: Provision for Impairment	697 429	-	-	-	697 429
<b>Net Balances</b>	<b>324 324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324 324</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Other Debtors:**

Gross Balances	40 391	-	-	-	40 391
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>40 391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 391</b>

**Prepayments and Advances:**

Gross Balances	1 765 216	-	-	-	1 765 216
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>1 765 216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 765 216</b>

**Control, Clearing and Interface Accounts:**

Gross Balances	375	-	-	-	375
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>

<b>Current</b>	<b>Past Due</b>			<b>Total</b>
<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	

**All Receivables:**

Gross Balances	40 267 950	4 608 290	3 855 344	24 766 568	73 498 152
Less: Provision for Impairment	697 429	-	-	21 977 025	22 674 454
<b>Net Balances</b>	<b>39 570 521</b>	<b>4 608 290</b>	<b>3 855 344</b>	<b>2 789 543</b>	<b>50 823 698</b>

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

**4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2022</b>			
VAT Receivable	2 586 256	-	2 586 256
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>2 586 256</b>	<b>-</b>	<b>2 586 256</b>

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2021</b>			
VAT Receivable	1 155 500	-	1 155 500
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>1 155 500</b>	<b>-</b>	<b>1 155 500</b>

VAT is claimable on the payment basis.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2022</b>			
Accrued Income	3 341	-	3 341
Accrued Interest	-	-	-
Administration Cost	258 078	-	258 078
Availability Charges	8 428 722	7 645 518	783 205
Insurance Claims	240 711	-	240 711
Other	1 847 985	-	1 847 985
Security Deposits	8 158 511	-	8 158 511
Provincial Government Housing Loans - at amortised cost	187 324	-	187 324
Staff Bursaries and other advances - at amortised cost	59 011	-	59 011
<b>Total Receivables from Non-exchange Transactions</b>	<b>19 183 683</b>	<b>7 645 518</b>	<b>11 538 165</b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Accrued Income	3 341	-	3 341
Accrued Interest	827 027	-	827 027
Administration Cost	258 078	-	258 078
Availability Charges	7 780 913	7 051 453	729 460
Insurance Claims	236 940	-	236 940
Other	222 714	-	222 714
Security Deposits	6 907 975	-	6 907 975
Provincial Government Housing Loans - at amortised cost	655 889	-	655 889
Staff Bursaries and other advances - at amortised cost	279 072	-	279 072
<b>Total Receivables from Non-exchange Transactions</b>	<b>17 171 949</b>	<b>7 051 453</b>	<b>10 120 496</b>
		2022 R	2021 R

**5.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2022**

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Insurance Claims:</b>					
Gross Balances	240 711	-	-	-	240 711
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>240 711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240 711</b>
<b>Other Receivables:</b>					
Gross Balances	2 874 293	124 844	117 781	7 687 357	10 804 274
Less: Provision for Impairment	-			7 645 518	7 645 518
<b>Net Balances</b>	<b>2 874 293</b>	<b>124 844</b>	<b>117 781</b>	<b>41 839</b>	<b>3 158 756</b>
<b>Accrued Income:</b>					
Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>3 341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 341</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Security Deposits:**

Gross Balances	8 158 511	-	-	-	8 158 511
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>8 158 511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 158 511</b>

<b>Current</b>	<b>Past Due</b>			<b>Total</b>
<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	

**All Receivables:**

Gross Balances	11 253 702	124 844	117 781	7 687 357	19 183 683
Less: Provision for Impairment	-	-	-	7 645 518	7 645 518
<b>Net Balances</b>	<b>11 253 702</b>	<b>124 844</b>	<b>117 781</b>	<b>41 839</b>	<b>11 538 165</b>

**As at 30 June 2021**

<b>Current</b>	<b>Past Due</b>			<b>Total</b>
<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	

**Insurance Claims:**

Gross Balances	229 461	-	-	-	229 461
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>229 461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229 461</b>

**Other Receivables:**

Gross Balances	2 499 528	114 109	104 382	7 313 153	10 031 172
Less: Provision for Impairment	-	-	-	7 051 453	7 051 453
<b>Net Balances</b>	<b>2 499 528</b>	<b>114 109</b>	<b>104 382</b>	<b>261 700</b>	<b>2 979 719</b>

**Accrued Income:**

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>3 341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 341</b>

**Security Deposits:**

Gross Balances	6 907 975	-	-	-	6 907 975
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>6 907 975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 907 975</b>

<b>Current</b>	<b>Past Due</b>			<b>Total</b>
<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	

**All Receivables:**

Gross Balances	9 640 305	114 109	104 382	7 313 153	17 171 949
Less: Provision for Impairment	-	-	-	7 051 453	7 051 453
<b>Net Balances</b>	<b>9 640 305</b>	<b>114 109</b>	<b>104 382</b>	<b>261 700</b>	<b>10 120 496</b>

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2022</b>			
Property Rates	24 126 424	16 756 344	7 370 080
Fines	8 122 018	7 302 667	819 351
<b>Total Statutory Receivables from Non-Exchange Transactions</b>	<b>32 248 442</b>	<b>24 059 011</b>	<b>8 189 431</b>

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Property Rates	15 749 612	11 334 469	4 415 143
Fines	6 021 203	5 544 968	476 235
<b>Total Statutory Receivables from Non-Exchange Transactions</b>	<b>21 770 815</b>	<b>16 879 437</b>	<b>4 891 378</b>

**6.1 Ageing of Statutory Receivables from Non-Exchange Transactions**

**As at 30 June 2022**

	Current 0 - 30 days	Past Due 31 - 60 Days    61 - 90 Days    + 90 Days			Total
<b>Property Rates:</b>					
Gross Balances	5 087 404	738 812	646 639	17 653 568	24 126 424
Less: Provision for Impairment	-	-	-	16 756 344	16 756 344
<b>Net Balances</b>	<b>5 087 404</b>	<b>738 812</b>	<b>646 639</b>	<b>897 224</b>	<b>7 370 080</b>

<b>Fines:</b>					
Gross Balances	8 122 018	-	-	-	8 122 018
Less: Provision for Impairment	7 302 667	-	-	-	7 302 667
<b>Net Balances</b>	<b>819 351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>819 351</b>

	Current 0 - 30 days	Past Due 31 - 60 Days    61 - 90 Days    + 90 Days			Total
<b>All Receivables:</b>					
Gross Balances	13 209 422	738 812	646 639	17 653 568	32 248 442
Less: Provision for Impairment	7 302 667	-	-	16 756 344	24 059 011
<b>Net Balances</b>	<b>5 906 755</b>	<b>738 812</b>	<b>646 639</b>	<b>897 224</b>	<b>8 189 431</b>

**As at 30 June 2021**

	Current 0 - 30 days	Past Due 31 - 60 Days    61 - 90 Days    + 90 Days			Total
<b>Property Rates:</b>					
Gross Balances	2 996 622	293 321	265 410	12 194 259	15 749 612
Less: Provision for Impairment	-	-	-	11 334 469	11 334 469
<b>Net Balances</b>	<b>2 996 622</b>	<b>293 321</b>	<b>265 410</b>	<b>859 790</b>	<b>4 415 143</b>

<b>Fines:</b>					
Gross Balances	6 021 203	-	-	-	6 021 203
Less: Provision for Impairment	5 544 968	-	-	-	5 544 968
<b>Net Balances</b>	<b>476 235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476 235</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	9 017 825	293 321	265 410	12 194 259	21 770 815
Less: Provision for Impairment	5 544 968	-	-	11 334 469	16 879 437
<b>Net Balances</b>	<b>3 472 857</b>	<b>293 321</b>	<b>265 410</b>	<b>859 790</b>	<b>4 891 378</b>
<b>7. CASH AND CASH EQUIVALENTS</b>					
Current Investments				266 585 050	145 062 763
Bank Accounts				91 795 579	137 982 882
Cash on Hand				9 200	9 200
<b>Total Bank, Cash and Cash</b>				<b>358 389 829</b>	<b>283 054 845</b>
For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.					
<b>7.1 Current Investment Deposits</b>					
Call Deposits				266 585 050	145 062 763
<b>Total Current Investment Deposits</b>				<b>266 585 050</b>	<b>145 062 763</b>
Call Deposits are investments with a maturity period of less than 3 months. The average interest rate for the year was 3.72% (2021:4.28 %).					
<b>7.2 Bank Accounts</b>					
Cash in Bank				91 795 579	137 982 882
The Municipality has the following operational bank accounts:					
<b>Primary Bank Account</b>					
Cash book balance at beginning of year				137 982 882	96 001 974
Cash book balance at end of year				91 795 579	137 982 882
<b>7.3 Cash and Cash Equivalents</b>					
Cash Floats and Advances				9 200	9 200
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>				<b>9 200</b>	<b>9 200</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**30 June 2022**

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
		R	R	R	R	R	R
<b>Carrying values at 01 July 2021</b>	<b>98 314 103</b>	<b>572 634 202</b>	<b>56 989 082</b>	<b>21 076 124</b>	<b>25 477 285</b>	<b>1 135 059</b>	<b>775 625 855</b>
Cost	108 704 688	831 984 572	87 463 666	50 693 266	50 964 997	4 269 936	1 134 081 125
Accumulated Impairment Losses	(511 737)	(16 900 962)	(4 242)	(86 378)	(10 910)	-	(17 514 229)
Accumulated Depreciation	(9 878 848)	(242 449 408)	(30 470 342)	(29 530 764)	(25 476 802)	(3 134 877)	(340 941 041)
Acquisition of Assets	858 887	71 972 817	3 812 843	7 070 054	3 422 124		87 136 725
- Capital Under Construction	46 500	94 925	171 280	-	-	-	312 705
Depreciation	(631 260)	(25 703 428)	(2 753 740)	(4 133 319)	(2 726 181)	(748 884)	(36 696 812)
Carrying value of Disposals:		68 492	-	(36 965)	(15 742)	(48 459)	(32 674)
- Cost		(4 595 097)	-	(74 954)	(18 696)	(2 094 981)	(6 783 728)
- Accumulated Impairment Losses		3 691 936	-	-	-	-	3 691 936
- Accumulated Depreciation		971 653	-	37 989	2 954	2 046 522	3 059 118
Impairment Losses	-	-	-	(58 452)	(2 192)	-	(60 644)
Other Movements	244 420	(1 582 407)	750 294	(2 943 593)	-	35 261	(3 531 286)
- Cost	244 420	(1 582 407)	656 079	(2 978 854)	-	35 261	(3 625 501)
- Transfers Received	1 438 104	52 415 666	5 217 500	3 673 740	3 422 124	35 261	66 202 395
- Transfers Made	(1 193 684)	(53 998 073)	(4 561 421)	(6 652 594)	(3 422 124)		(69 827 896)
- Accumulated Depreciation		-	94 215	-	-	-	94 215
<b>Carrying values at 30 June 2022</b>	<b>98 832 650</b>	<b>617 484 601</b>	<b>58 969 759</b>	<b>20 938 588</b>	<b>26 155 294</b>	<b>372 976</b>	<b>822 753 869</b>
Cost	109 854 495	897 874 810	92 103 868	54 709 512	54 368 425	2 210 216	1 211 121 326
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 830)	(13 102)	-	(13 882 937)
Accumulated Depreciation	(10 510 108)	(267 181 183)	(33 129 867)	(33 626 094)	(28 200 029)	(1 837 240)	(374 484 520)

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**30 June 2021**

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
<b>Carrying values at 01 July 2020</b>	<b>98 839 653</b>	<b>544 443 471</b>	<b>55 903 464</b>	<b>19 831 714</b>	<b>27 571 827</b>	<b>1 971 255</b>	<b>748 561 384</b>
Cost	108 603 586	778 434 400	83 768 799	46 806 041	51 681 959	4 022 165	1 073 316 950
Accumulated Impairment Losses	(511 737)	(13 210 278)	(4 242)	(128 946)	(83 303)	-	(13 938 506)
Accumulated Depreciation	(9 252 196)	(220 780 651)	(27 861 093)	(26 845 381)	(24 026 829)	(2 050 910)	(310 817 060)
Acquisition of Assets	220 000	53 575 667	5 064 716	4 235 191	744 106	247 771	64 087 451
Depreciation	(626 652)	(22 466 827)	(2 609 249)	(3 560 998)	(2 610 400)	(1 083 967)	(32 958 093)
Carrying value of Disposals:		(622 737)	-	(206 031)	(338 000)	-	(1 166 768)
- Cost		(1 414 447)	-	(1 198 024)	(1 570 820)	-	(4 183 291)
- Accumulated Impairment Losses	-	1 252	-	116 378	72 393	-	190 023
- Accumulated Depreciation	-	790 458	-	875 615	1 160 427	-	2 826 500
Impairment Losses	-	(3 691 936)	-	(73 810)	-	-	(3 765 746)
Other Movements	(118 898)	1 396 564	(1 369 849)	850 058	109 752	-	867 627
- Cost	(118 898)	1 388 952	(1 369 849)	850 058	109 752	-	860 015
- Transfers Received	95 603	102 464 221	3 202 368	5 390 721	878 609		112 031 522
- Transfers Made	(214 501)	(101 075 269)	(4 572 217)	(4 540 663)	(768 857)		(111 171 507)
- Accumulated Depreciation	-	7 612	-	-	-	-	7 612
	-						
<b>Carrying values at 30 June 2021</b>	<b>98 314 103</b>	<b>572 634 202</b>	<b>56 989 082</b>	<b>21 076 124</b>	<b>25 477 285</b>	<b>1 135 059</b>	<b>775 625 855</b>
Cost	108 704 688	831 984 572	87 463 666	50 693 266	50 964 997	4 269 936	1 134 081 125
Accumulated Impairment Losses	(511 737)	(16 900 962)	(4 242)	(86 378)	(10 910)	-	(17 514 229)
Accumulated Depreciation	(9 878 848)	(242 449 408)	(30 470 342)	(29 530 764)	(25 476 802)	(3 134 877)	(340 941 041)

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R		
8. (Continued)				
8.1 Assets pledged as security				
Leased Assets are pledged as security for the finance liability.				
8.2 Impairment of Property, Plant and Equipment				
Impairment Losses on Property, Plant and Equipment to the amount of R60 644 (2021: R3 765 746) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 39				
Infrastructure	-	3 691 936		
Other Assets	58 452	73 810		
Transport Assets	2 192	-		
Total Impairment of Property, Plant and Equipment	60 644	3 765 746		
8.3 Work-in-Progress				
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:				
June 2022	Infrastructure	Community	Building	Total
Opening Balance	18 907 185	540 153	275 706	19 723 044
Additions	54 996 200	269 460	3 459 776	58 725 436
Completed Assets	(26 561 017)	(5 913)	(2 015 236)	(28 582 166)
Closing Balance	47 342 368	803 700	1 720 246	49 866 314
June 2021	Infrastructure	Community	Building	Total
Opening Balance	50 951 456	15 813	25 825	50 993 094
Additions	45 467 799	830 009	1 313 783	47 611 592
Completed Assets	(77 512 070)	(305 669)	(1 063 902)	(78 881 641)
Closing Balance	18 907 185	540 153	275 706	19 723 044
8.4 Delayed Projects				
Project Details (Unspent Balance)		2022	2021	
Infrastructure Assets		27 868 932	15 942 953	
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
2021: Due to various suppliers delays, regulation and legislation technicalities.				
Community Asset		3 373 949	1 417 691	
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
2021: Due to various regulation and legislation technicalities the projects were delayed.				
Other Assets		2 286 519	10 894 906	
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
2021: Due to various regulation, legislation and Covid pandemic restraints.				
Total balance at year end		33 529 399	28 255 550	



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**8.5 Expenditure incurred for Repairs and Maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Electrical Infrastructure	2 352 626	3 037 051
- Contracted Services	217 015	754 054
- Inventory Consumed	2 135 611	2 282 997
Information and Communication	154	12 436
- Contracted Services	-	9 816
- Inventory Consumed	154	2 620
Roads Infrastructure	3 549 017	997 129
- Contracted Services	464 001	48 174
- Inventory Consumed	3 085 016	948 955
Sanitation Infrastructure	3 318 451	2 828 959
- Contracted Services	3 035 574	2 283 283
- Inventory Consumed	282 877	545 676
Solid Waste Disposal	112 479	109 195
- Contracted Services	79 252	96 758
- Inventory Consumed	33 227	12 437
Stormwater Infrastructure	381 286	475 825
- Contracted Services	228 573	246 636
- Inventory Consumed	152 713	229 189
Water Supply Infrastructure	6 371 065	6 278 151
- Contracted Services	5 468 985	5 200 222
- Inventory Consumed	902 080	1 077 929
Community Assets	1 462 672	1 291 525
- Contracted Services	716 297	564 234
- Inventory Consumed	746 375	727 291
Computer Equipment	885	-
- Inventory Consumed	885	-
Furniture and Office Equipment	563 497	1 057 815
- Contracted Services	393 435	903 993
- Inventory Consumed	170 062	153 822
Machinery and Equipment	360 748	336 800
- Contracted Services	257 808	198 455
- Inventory Consumed	102 940	138 345
Other Assets - Buildings	735 970	906 581
- Contracted Services	542 526	712 326
- Inventory Consumed	193 444	194 255
Transport Assets	4 239 852	5 045 225
- Contracted Services	2 524 370	3 248 739
- Inventory Consumed	1 714 665	1 795 298
- Other Operational Costs	817	1 188
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b>23 448 702</b>	<b>22 376 692</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>9. INTANGIBLE ASSETS</b>		
At Cost	<u>1 036 964</u>	<u>1 017 125</u>

The movement in Intangible Assets is reconciled as follows:

**Intangible Assets**

**Carrying values at 01 July 2021**

Opening Balance - Computer Software	1 017 125	1 017 125
Opening Balance - Servitudes	964 125	964 125
	53 000	53 000

Acquisitions:

Purchased

19 839	-
19 839	

**Carrying values at 30 June 2022**

Closing Balance - Computer Software	1 036 964	1 017 125
Closing Balance - Servitudes	983 964	964 125
	53 000	53 000

**9.1 Significant Intangible Assets**

Material intangible assets included in the carrying value:

Internal audit and risk management	507 307	507 307
Omron Scada software - vehicle testing	3 018	3 018
Other intangible assets	218 454	218 454
Servitude Bonnievale	53 000	53 000
Software Bytes NBD	100	100
Website costs	235 246	235 246
Sonicwall - Analytics	19 839	-
	<u>1 036 964</u>	<u>1 017 125</u>

**9.2 Intangible Assets with Indefinite Useful Lives**

The municipality regards all of its Intangible Assets as having indefinite useful lives.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>10. INVESTMENT PROPERTY</b>		
At Cost less Accumulated Depreciation	<u><b>28 183 133</b></u>	<u><b>28 511 536</b></u>
The movement in Investment Property is reconciled as follows:		
<b>Carrying values at 1 July 2021</b>	<b>28 511 536</b>	<b>28 040 106</b>
Cost	30 541 705	30 218 581
Accumulated Depreciation	(2 030 169)	(1 970 096)
Accumulated Impairment Losses	-	(208 379)
Acquisitions during the Year	-	-
Cost	-	-
Depreciation during the Year	(72 587)	(60 073)
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	(255 816)	323 124
At Cost	(280 000)	323 124
At Accumulated Depreciation	24 184	-
Other Changes:	-	208 379
At Accumulated Impairment	-	208 379
<b>Carrying values at 30 June 2022</b>	<b>28 183 133</b>	<b>28 511 536</b>
Cost	30 261 705	30 541 705
Accumulated Depreciation	(2 078 572)	(2 030 169)
Accumulated Impairment	-	-

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**11. HERITAGE ASSETS**

**30 June 2022**

**Reconciliation of Carrying Value**

Description	Significant Land and Buildings	Total
	R	R
<b>Carrying values at 01 July 2021</b>	<b>275 448</b>	<b>275 448</b>
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Impairment Losses	-	-
Reversal of Impairment Loss	-	-
Carrying value of Disposals:	-	-
- Cost	-	-
- Revaluation	-	-
- Accumulated Impairment Losses	-	-
<b>Carrying values at 30 June 2022</b>	<b>275 448</b>	<b>275 448</b>
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**11. HERITAGE ASSETS**

**30 June 2021**

**Reconciliation of Carrying Value**

Description	Significant Land and Buildings	Total
	R	R
<b>Carrying values at 01 July 2020</b>	<b>275 448</b>	<b>275 448</b>
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Impairment Losses	-	-
Reversal of Impairment Loss	-	-
Carrying value of Disposals:	-	-
- Cost	-	-
- Revaluation	-	-
- Accumulated Impairment Losses	-	-
<b>Carrying values at 30 June 2021</b>	<b>275 448</b>	<b>275 448</b>
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)

**Assets declared as heritage assets:**

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

- a) Montagu Municipal Offices - Administrative Use - Property, plant and equipment
- b) Hofmeyer Hall - Community Hall - Property, Plant and equipment
- c) McGregor Municipal Offices - Mixed Use - Investment property
- d) Robertsons Old Library - Administrative Use - Property, Plant and equipment

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**2022**  
**R**                      **2021**  
**R**

**12. LIVING AND NON-LIVING RESOURCES**

GRAP 110 Living and Non-living Resources became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to recognise and/or measure living resources for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP subject to the provisions in Directive 3.

The municipality is taking advantage of the transitional provisions by not recognising or measuring its Living Resources in accordance with GRAP 110, and, therefore, no disclosures required by GRAP 110 has been made in respect of Living Resources. No Living Resources are recognised and no preliminary amounts are presented at reporting date. The municipality intends to fully apply the requirements of GRAP 110 by 30 June 2023.

The Municipality extracts the water from the following non-living resources:

**NON-LIVING RESOURCES**

**DAM**

**As at 30 June 2022**

TOWN	OWNER	VOLUME % 30 June 2022	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water	43%	194 780 000	Worcester	
Dassieshoekdam	Langeberg Mun	52%	433 333	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	83%	86 000	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	59%	139 000	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	34%	116 400	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	100%	111 343	33°57'13"	19°49'06"
Mcgregor Rooidam	Langeberg Mun	92%	65 885	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	97%	79 000	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	50%	55 000	33°50'05"	20°01'59"

**As at 30 June 2021**

**DAM**

TOWN	OWNER	VOLUME % 30 June 2021	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water Services	36%	164 000 000	Worcester	
Dassieshoekdam	Langeberg Mun	58%	480 000	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	66%	68 200	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	3%	8 000	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	49%	168 200	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	86%	127 295	33°57'13"	19°49'06"
Mcgregor Rooidam	Langeberg Mun	79%	56 759	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	88%	73 050	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	80%	88 000	33°50'05"	20°01'59"

**As at 30 June 2022**

**BOREHOLES**

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33°46'38"	20°07'53"

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

As at 30 June 2021

**BOREHOLES**

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m <sup>3</sup>	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	47 300	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	21 020	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	31 500	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	26 200	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	985	33°46'38"	20°07'53"

RIVER ABSTRACTION NAME	LOCATION S	LOCATION E
Ashton Breede River Pump Station	33°52'08"	19°59'13"
Bonnievale Breede River Pump Station	33°56'27"	20°04'22"

The municipality adheres to the National Water Act with regards to the dams that the municipality is a custodian of.

	2022 R	2021 R
<b>13. INVESTMENTS</b>		
Non-current Investments	137 205	135 546
<b>Total Investments</b>	<b>137 205</b>	<b>135 546</b>
<b>13.1 Non-current Investments</b>		
<b>Listed</b>		
Listed Shares	137 205	135 546
<b>Total Non-current Portion of</b>	<b>137 205</b>	<b>135 546</b>
<b>Total Investments</b>		
Non-current Portion	137 205	135 546
Short-term Portion	-	-
<b>Total Investments</b>	<b>137 205</b>	<b>135 546</b>

Financial assets are recognised at the following hierarchy:

Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Listed investments represent 270 Sanlam shares, 685 Distell shares.

The market value per share at year end: Sanlam shares R 52.87 (2021: R61.37).

The market value per share at year end: Distell shares R 171.35 (2021: R 167.00)

Unlisted Investments comprise the following:

(i) Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

Valuations of investments supplied by council are:

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R4.50 (2021: R3.50).

The share prices are publicly available and are not appended on valuations.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**14. LEASE RECEIVABLES**

Current Lease Receivables	109 261	139 807
Non-current Lease Receivables	-	-
<b>Total Lease Receivables</b>	<b>109 261</b>	<b>139 807</b>

**14.1.1 Leasing Arrangements**

**The Municipality as Lessor:**

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

**14.1.2 Amounts receivable under Operating Leases**

At the Reporting Date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	1 116 261	2 139 748
2 to 5 years	1 068 441	2 093 252
More than 5 years	100 039	227 655
<b>Total Operating Lease Arrangements</b>	<b>2 284 741</b>	<b>4 460 655</b>

**15. LONG-TERM RECEIVABLES**

<b>Non-Current Portion of Long Term Receivables</b>	<b>400 287</b>	<b>661 179</b>
Receivable from exchange transactions	12 395	284 305
Receivable from non-exchange transactions	387 892	376 874
	<b>400 287</b>	<b>661 179</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>16. CONSUMER DEPOSITS</b>		
Electricity	13 196 425	12 994 298
Water	381 745	147 917
Other Deposits:-	2 205 038	1 138 202
- Land Sales	1 606 048	906 484
- Posters	43 201	18 744
- Refuse	208 548	83 036
- Rental Properties	116 834	39 572
- Sewer	230 407	90 366
<b>Total Consumer Deposits</b>	<b>15 783 208</b>	<b>14 280 417</b>
<b>17. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Other Payables	4 762 679	3 523 277
Retentions	6 449 823	5 757 785
Trade Creditors	68 181 899	56 801 484
Deposits	12 897 176	11 136 925
<b>Total Payables from Exchange Transactions</b>	<b>92 291 577</b>	<b>77 219 471</b>
<b>18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Total Unspent Conditional Grants and Receipts</b>	<b>28 591 429</b>	<b>28 796 545</b>
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant (MIG)	196 824	-
Integrated National Electrification Grant	-	276 314
Neighbourhood Development Partnership Grant	10 000 000	399 442
Water Services Infrastructure Grant	10 141 338	21 093 000
Development of Sport and Recreation Facilities	1 295 420	800 000
SMME Booster Fund 2021	556 337	-
CWDM- Boundary Walls	32 199	32 199
Library Services-Replacement Funds	-	970 044
Municipal Library Support Fund	545 304	-
Human Settlements Development Grant (Beneficiaries)	-	292 344
Human Settlements Development Grant (Title Deed Restoration)	3 208 411	3 227 756
Western Cape Financial Management Capacity Building Grant	62 000	135 000
Municipal Electrical Master Plan Grant	427 391	770 000
Western Cape Financial Management Support Grant	550 000	-
Bakery Project Grant	168 875	168 875
CWDM - Community Safety	566 353	566 353
CDWM - EPWP Projects	19 730	-
CWDM Councillors laptops	65 217	65 217
Local Government Public Employment Support Grant	756 028	-
	<b>28 591 427</b>	<b>28 796 544</b>

See Note 28 for the reconciliation of Grants from Government and other sources.

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were withheld.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**19. LEASE PAYABLES**

Current Lease Payables	195 098	811 759
Non-current Lease Payables	69 785	232 750
<b>Total Lease Payables</b>	<b>264 883</b>	<b>1 044 509</b>

**19.1 Finance Lease Payables**

Finance Lease Liability	264 883	1 044 509
<b>Total Non-current Lease Payables</b>	<b>264 883</b>	<b>1 044 509</b>
Less: Current Portion transferred to Current Lease Payables:-	(195 098)	(811 759)
Finance Lease Liability	(195 098)	(811 759)
<b>Non-Current Portion of Finance Lease Payables</b>	<b>69 785</b>	<b>232 750</b>

**19.1.1 Obligations under Leases**

**The Municipality as Lessee:**

The obligations under Finance Leases are as follows:

**Amounts payable under Finance leases:**

	<b>Amount Payable</b>	<b>2022 Future Finance Obligation</b>	<b>Present Value of Annuity</b>
Payable within one year	208 308	13 210	195 098
Payable within two to five years	72 859	3 074	69 785
Payable after five years	-	-	-
	<b>281 167</b>	<b>16 284</b>	<b>264 883</b>

  

	<b>Amount Payable</b>	<b>2021 Future Finance Obligation</b>	<b>Present Value of Annuity</b>
Payable within one year	869 925	58 166	811 759
Payable within two to five years	243 424	10 674	232 750
Payable after five years	-	-	-
	<b>1 113 349</b>	<b>68 839</b>	<b>1 044 509</b>

The above finance leases have no escalation over the period of the lease. After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period. Hire purchases and leases are secured by property, plant and equipment. Leased assets are equipment which lease terms are approximately 1 to 36 months.

Defaults and breaches: No finance leases were in default during the financial year.  
There are no finance leases which are subject to any restrictions.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**20. BORROWINGS**

<b>Long-Term Borrowings</b>	35 975 165	39 907 531
Annuity and Bullet Loans	35 975 165	39 907 531
<b>Less: Current Portion transferred to Current Borrowings:-</b>	(4 062 325)	(4 059 825)
Current Annuity Loans	(4 062 325)	(4 059 825)
<b>Non-Current Portion of Borrowings</b>	<b>31 912 840</b>	<b>35 847 706</b>

**20.1 Summary of Arrangements**

The municipality have the following annuity loans:

- a) DBSA @ 9.54% average interest rate redeemed on 31 December 2020
- b) DBSA @ 9.54% average interest rate redeemed on 31 December 2020
- c) DBSA @ 7.51% average interest rate redeemable on 31 December 2024
- d) DBSA @ 6.08% average interest rate redeemable on 31 March 2027
- e) Standard Bank @ 10.52% redeemable on 30 June 2034

Average interest rate for 2022: 6.80% (2021: 6.17%) for DBSA loans. The Standard bank loan has a fixed interest rate.

**Amounts payable under annuity**

	<b>Amount Payable</b>	<b>2022 Future Finance Obligation</b>	<b>Present Value of Annuity</b>
Payable within one year	7 336 942	3 274 617	4 062 325
Payable within two to five years	25 680 466	10 100 959	15 579 507
Payable after five years	22 784 399	6 451 066	16 333 333
<b>Present value of annuity loans obligations</b>	<b>55 801 807</b>	<b>19 826 642</b>	<b>35 975 165</b>

	<b>Amount Payable</b>	<b>2021 Future Finance Obligation</b>	<b>Present Value of Annuity</b>
Payable within one year	7 563 436	3 503 610	4 059 825
Payable within two to five years	33 187 301	11 702 991	21 484 311
Payable after five years	22 784 399	8 421 003	14 363 396
<b>Present value of annuity loans obligations</b>	<b>63 535 136</b>	<b>23 627 605</b>	<b>39 907 532</b>

**Assets pledged as security:**

There are no assets pledged as security.

**20.2 Obligations under Borrowings**

Non - Current Annuity Loans	31 912 840	35 847 706
Current Portion transferred to Current Liabilities:	4 062 325	4 059 825
<b>Total Borrowings</b>	<b>35 975 165</b>	<b>39 907 531</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**21. EMPLOYEE BENEFIT LIABILITIES**

<b>Employee Benefit Liabilities</b>	85 051 510	84 116 088
Post-retirement Health Care Benefits Liability	51 291 000	52 257 000
Long Service Awards Liability	13 991 000	13 212 000
Staff Bonus	6 845 214	6 485 354
Staff Leave	12 924 296	12 161 734
<b>Less: Current Portion of Employee Benefit Liabilities</b>	24 056 510	22 672 088
Post-retirement Health Care Benefits Liability	2 773 000	2 705 000
Long Service Awards Liability	1 514 000	1 320 000
Staff Bonus	6 845 214	6 485 354
Staff Leave	12 924 296	12 161 734
<b>Non-Current Portion of Employee Benefit Liabilities</b>	<b>60 995 000</b>	<b>61 444 000</b>

**21.1 Current Portion of Employee Benefit Liabilities**

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	<b>Post-retirement Health Care Benefits Liability</b>	<b>Long-term Service</b>
<b>30 June 2022</b>		
<b>Balance at end of year</b>	<b>2 773 000</b>	<b>1 514 000</b>
<b>30 June 2021</b>		
<b>Balance at end of year</b>	<b>2 705 000</b>	<b>1 320 000</b>

**Staff Bonus:**

Opening Balance	6 485 354	6 320 450
Increases	10 385 805	10 846 902
Payments made	(10 025 945)	(10 681 998)
<b>Balance at end of year</b>	<b>6 845 214</b>	<b>6 485 354</b>

**Leave Provision**

Opening Balance	12 161 734	11 770 231
Increases	8 102 788	8 077 476
Payments Made	(7 340 226)	(7 685 973)
<b>Balance at end of year</b>	<b>12 924 296</b>	<b>12 161 734</b>

**21.2 Post-retirement Health Care Benefits Liability**

Opening Balance	52 256 999	45 051 000
Interest Cost	5 012 000	4 418 002
Current Service Cost	1 741 000	1 422 999
Actual Employer Benefit Payments	(2 652 676)	(2 543 326)
Actuarial Loss/ (Gain) recognised in the year	(5 066 323)	3 908 324
<b>Balance at end of Year</b>	<b>51 291 000</b>	<b>52 256 999</b>
Transfer to Current Provisions	2 773 000	2 705 000
<b>Non-Current Portion Post-retirement Health Care Benefits Liability</b>	<b>48 518 000</b>	<b>49 551 999</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	211	201
In-service Non-members (Employees)	487	497
Continuation Members (Retirees, widowers and orphans)	70	70
<b>Total Members</b>	<b>768</b>	<b>768</b>

The liability in respect of past service has been estimated as follows:

In-service Members	15 014 000	15 917 000
In-service Non-members	6 163 000	5 917 000
Continuation Members	30 114 000	30 423 000
<b>Total Liability</b>	<b>51 291 000</b>	<b>52 257 000</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- SAMWU Medical Aid
- Discovery Health

The Current-Service Cost for the year ending 30 June 2022 is estimated at R1 741 000. It is estimated to be R1 793 000 for the ensuing year.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	11,74%	10,08%
Health Care Cost Inflation Rate	8,37%	6,19%
Net Effective Discount Rate	3,11%	3,66%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Opening Balance	52 257 000	45 051 000
Interest Cost	5 012 000	4 418 000
Current Service Cost	1 741 000	1 423 000
Expenditure for the year	(2 705 000)	(2 508 000)
Actuarial Losses / (Gains)	(5 014 000)	3 873 000
<b>Total Recognised Benefit Liability</b>	<b>51 291 000</b>	<b>52 257 000</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	1 741 000	1 423 000
Interest cost	5 012 000	4 418 000
Actuarial losses / (gains)	(5 014 000)	3 873 000
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 35.)</b>	<b>1 739 000</b>	<b>9 714 000</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

Tables below summarises the results of the sensitivity analysis

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	Eligible Employees	Continuation Members	Total	% Change
Central assumptions		21 177 000	30 114 000	51 291 000	
Health care inflation rate	+1%	23 345 000	31 798 000	55 143 000	8%
Health care inflation rate	-1%	18 457 000	28 241 000	46 698 000	-9%
Discount rate	+1%	17 763 000	27 828 000	45 591 000	-11%
Discount rate	-1%	25 545 000	32 769 000	58 314 000	14%
Post-employment mortality	+1 year	20 670 000	29 110 000	49 780 000	-3%
Post-employment mortality	- 1 year	21 673 000	31 119 000	52 792 000	3%
Average retirement age	- 1 year	23 257 000	30 114 000	53 371 000	4%
Membership continuation	-10%	18 515 000	30 114 000	48 629 000	-5%

**Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2022**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 741 000	5 012 000	6 753 000	
Health care inflation rate	+1%	1 997 000	5 499 000	7 496 000	11%
Health care inflation rate	-1%	1 445 000	4 475 000	5 920 000	-12%
Discount rate	+1%	1 425 000	4 871 000	6 296 000	-7%
Discount rate	-1%	2 151 000	5 160 000	7 311 000	8%
Post-employment mortality	- 1 year	1 784 000	5 170 000	6 954 000	3%
Average retirement age	- 1 year	1 943 000	5 204 000	7 147 000	6%
Membership continuation	-10%	1 528 000	4 742 000	6 270 000	-7%

**Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2023**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 793 000	5 863 000	7 656 000	
Health care inflation rate	+1%	1 979 000	6 315 000	8 294 000	8%
Health care inflation rate	-1%	1 548 000	5 325 000	6 873 000	-10%
Discount rate	+1%	1 483 000	5 637 000	7 120 000	-7%
Discount rate	-1%	2 195 000	6 118 000	8 313 000	9%
Post-employment mortality	+1 year	1 752 000	5 686 000	7 438 000	-3%
Post-employment mortality	- 1 year	1 831 000	6 039 000	7 870 000	3%
Average retirement age	- 1 year	1 990 000	6 107 000	8 097 000	6%
Membership continuation	-10%	1 572 000	5 551 000	7 123 000	-7%

Refer to Note 57., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	11,74%	7,41%
Health Care Cost Inflation Rate	8,37%	2,57%
Net Effective Discount Rate	3,11%	4,72%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>21.3 Long Service Awards Liability</b>		
Opening Balance	13 212 000	12 156 000
Current Service Cost	1 179 000	1 045 000
Interest Cost	1 187 000	837 000
Actuarial Gain	(391 736)	980 195
Payments Made	(1 195 264)	(1 806 195)
Balance at end of Year	13 991 000	13 212 000
Transfer to Current Provisions	1 514 000	1 320 000
<b>Total Long Service Awards Liability</b>	<b>12 477 000</b>	<b>11 892 000</b>

The Current-Service Cost for the year ending 30 June 2022 is R 1,179,000. The Current-Service Cost for the ensuing year has been estimated to be R 1,373,000.

**Long Service Award - The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	11,21%	9,44%
General salary inflation	7,38%	5,84%
Net Effective Discount Rate	3,56%	3,40%
Expected Rate of Salary Increase (Plus Additional 0.5% for employees who earn a basic salary of R 9000 or less) (Three-year salary and wage collective agreement ends on 30 June 2024)	7,00%	7,00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability	% Change
Central assumptions		13 991 000	
General earnings inflation rate	+1%	14 881 000	6%
General earnings inflation rate	-1%	13 186 000	-6%
Discount rate	+1%	13 163 000	-6%
Discount rate	-1%	14 921 000	7%
Average retirement age	+2 Years	16 141 000	15%
Average retirement age	-2 Years	12 325 000	-12%
Withdrawal rates	x2	11 270 000	-19%
Withdrawal rates	x0.5	15 887 000	14%

**Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2022**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 179 000	1 187 000	2 366 000	
General earnings inflation rate	+1%	1 280 000	1 269 000	2 549 000	8%
General earnings inflation rate	-1%	1 089 000	1 113 000	2 202 000	-7%
Discount rate	+1%	1 097 000	1 228 000	2 325 000	-2%
Discount rate	-1%	1 273 000	1 137 000	2 410 000	2%
Average retirement age	+2 Years	1 310 000	1 376 000	2 686 000	14%
Average retirement age	-2 Years	1 062 000	1 041 000	2 103 000	-11%
Withdrawal rates	x2	846 000	940 000	1 786 000	-25%
Withdrawal rates	x0.5	1 433 000	1 358 000	2 791 000	18%

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2023**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 273 000	1 485 000	2 758 000	
General earnings inflation rate	+1%	1 380 000	1 585 000	2 965 000	8%
General earnings inflation rate	-1%	1 177 000	1 395 000	2 572 000	-7%
Discount rate	+1%	1 186 000	1 517 000	2 703 000	-2%
Discount rate	-1%	1 372 000	1 447 000	2 819 000	2%
Average retirement age	+2 Years	1 415 000	1 726 000	3 141 000	14%
Average retirement age	-2 Years	1 144 000	1 303 000	2 447 000	-11%
Withdrawal rates	x2	914 000	1 180 000	2 094 000	-24%
Withdrawal rates	x0.5	1 546 000	1 698 000	3 244 000	18%

**22. PROVISIONS**

Current Provisions	29 057 468	25 915 395
Non-current Provisions	64 135 254	46 565 270
<b>Total Provisions</b>	<b>93 192 722</b>	<b>72 480 665</b>

**22.1 Current Provisions**

Current Portion of Non-Current	29 057 468	25 915 395
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	29 057 468	25 915 395
<b>Total Provisions</b>	<b>29 057 468</b>	<b>25 915 395</b>

**Decommissioning of Landfill Sites**  
R

**30 June 2022**

Opening Balance	25 915 395
Increases	3 142 072
<b>Balance at end of year</b>	<b>29 057 467</b>

**Decommissioning of Landfill Sites**  
R

**30 June 2021**

Opening Balance	21 053 680
Increases	4 861 715
<b>Balance at end of year</b>	<b>25 915 395</b>

**22.2 Non-current Provisions**

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	64 135 254	46 565 270
<b>Total Non-current Provisions</b>	<b>64 135 254</b>	<b>46 565 270</b>

**Decommissioning of Landfill Sites:**

Opening Balance	46 565 270	44 118 303
Increase/Decrease in Asset	7 676 422	9 920 435
Contribution to Provision	6 735 850	(7 839 297)
Other Reductions	-	-
Reversals	(3 142 072)	(4 861 715)
Increases (Passage of Time/Discounted Rate)	6 299 784	5 227 544
	<b>64 135 254</b>	<b>46 565 270</b>



# LANGEBERG LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<b>LANDFILL SITES - USEFUL LIFE</b>	<b>Montagu</b>	<b>Bonnievale</b>	<b>McGregor</b>	<b>Ashton</b>
	Landfill Site	Landfill Site	Transfer Station	Transfer Station
	Remaining Useful Life 30 June 2022	7,09	-	1,75
	<b>Montagu</b>	<b>Bonnievale</b>	<b>McGregor</b>	<b>Ashton</b>
<b>Area (m)</b>	17 190	28 890	35 752	48 517
<b>Actual estimated closure date</b>	2015	2029	2015	2024
<b>Estimated decommission date</b>	2041	2061	2030	2024
<b>CPI</b>	5,11%	5,11%	5,11%	5,11%
<b>Discount Rate</b>	8,62%	10,17%	8,62%	11,29%

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year- end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>23. RESERVES</b>		
Capital Replacement Reserve	62 920 999	62 920 999
<b>Total Reserves</b>	<b>62 920 999</b>	<b>62 920 999</b>
<b>Reconciliation of the Capital Replacement Reserve:</b>		
Opening Balance	62 920 999	62 920 999
<b>Balance at end of year</b>	<b>62 920 999</b>	<b>62 920 999</b>
<b>24. ACCUMULATED SURPLUS</b>		
Accumulated Surplus / (Deficit) due to the results of Operations	895 415 683	791 111 868
Accumulated Surplus / (Deficit)	791 111 871	756 701 614
Accumulated Surplus as per Financial Performance	104 303 815	34 410 259
Rounding Difference as per Trial Balance	(3)	(5)
<b>Total Accumulated Surplus</b>	<b>895 415 683</b>	<b>791 111 868</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>25. PROPERTY RATES</b>		
<b>Total Property Rates</b>	<b>92 757 614</b>	<b>59 485 886</b>

The above property rates includes

Property Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2014.

Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality will be 1 July 2021.

**Valuations**

**Rateable Land and Building**

Business and Commercial Property	1 861 185 660	1 500 878 077
Municipal Properties	571 204 361	315 272 628
Residential Properties	8 405 463 993	5 742 672 163
State-owned Properties	364 625 700	289 685 700
Agricultural Properties	7 943 784 250	6 497 282 578
Other Categories	513 791 981	327 743 400
<b>Total Value</b>	<b>19 660 055 945</b>	<b>14 673 534 546</b>

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

**Tariffs**

	2022	2021
Residential	0.0067c	0.0068c
Commercial, Industrial & Government	0.0133c	0.0101c
Public Benefit Organisation	0.0017c	0.0014c
Agriculture	0.0017c	0.0014c

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates. The first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

**26. FINES, PENALTIES AND FORFEITS**

Traffic Fines:	9 133 750	7 362 540
Other Fines:	1 576 610	174 750
<b>Total Fines, Penalties and Forfeits</b>	<b>10 710 360</b>	<b>7 537 290</b>

**27. LICENCES AND PERMITS**

Hiking Trails	213 996	132 052
Road and Transport:	1 914 367	2 023 371
Trading	3 700	2 348
<b>Total Licences and Permits</b>	<b>2 132 063</b>	<b>2 157 771</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**28. TRANSFERS AND SUBSIDIES**

<b>Capital Grants</b>	50 933 753	28 839 951
Allocations In-kind	1 351 053	477 987
Monetary Allocations	49 582 700	28 361 964
<b>Operational Grants</b>	126 882 015	117 747 700
Monetary Allocations	126 882 015	117 747 700
<b>Total Transfers and Subsidies Received</b>	<b>177 815 768</b>	<b>146 587 651</b>

**28.1 Summary of Grants:**

**28.1.1 Capital Grants**

	<b>Allocations In-kind</b>		<b>Monetary Allocations</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Total Capital Grants Received</b>	<b>1 351 053</b>	<b>477 987</b>	<b>49 582 700</b>	<b>28 361 964</b>

**28.1.2 Operational Grants**

	<b>Allocations In-kind</b>		<b>Monetary Allocations</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Total Operational Grants Received</b>	<b>-</b>	<b>-</b>	<b>126 882 015</b>	<b>117 747 700</b>

**28.2 Detailed Summaries**

**Operating Grants**

Equitable Share	87 617 000	96 488 000
Expanded Public Works Programme	2 210 000	2 024 000
Local Government Financial	1 550 000	1 550 000
Municipal Infrastructure Grant	2 977 588	2 560 633
Integrated National Electrification Grant	376 957	3 611
Community Library Services Grant	3 042 000	3 539 000
Municipal Disaster Relief Grant	-	141 620
Western Cape Financial Management Capacity Building	188 000	165 000
Library Services Grant: MRF	7 219 494	5 792 504
Human Settlements Development Grant - Beneficiaries	13 923 409	2 406 869
CWDM: Community Safety	-	151 200
Neighbourhood Development Partnership Grant	-	1 690 051
LG SETA	575 289	608 621
Human Settlements Development Grant - Title Deed Restoration	19 346	88 591
Community Development Workers Grant	38 000	38 000
CWDM: EPWP Projects	480 270	500 000
Municipal Library Support Fund	758 696	-
Local Government Public Employment	643 972	-
Water Services Infrastructure Grant	4 037 173	-
Development of sport and recreation	304 580	-
Municipal Electrical Masterplan Grant	342 609	-
CDWM-Tourism Route Development	100 000	-
	<b>126 404 383</b>	<b>117 747 700</b>

**Capital Grants**

Municipal Infrastructure Grant	19 850 588	17 070 885
Integrated National Electrification Programme Grant	2 513 043	24 075
Neighbourhood Development Partnership Grant	-	11 267 004
Private Enterprises	-	477 987
Water Services Infrastructure Grant	26 914 488	-
SMME Booster Fund	300 663	-
Library Services Grant: MRF	481 550	-
	<b>50 060 332</b>	<b>28 839 951</b>
<b>Total Receipts for Government</b>	<b>176 464 715</b>	<b>146 587 651</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**28.2.1 Equitable Share**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	87 617 000	96 488 000
Transferred to Revenue: Operating	(87 617 000)	(96 488 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

In terms of the Constitution, the grant is used to subsidise the provision of basic services to indigent community members. This grant is unconditional.

**28.2.2 National: Expanded Public Works Programme Grant**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	2 210 000	2 024 000
Conditions Met - Transferred to Revenue: Operating	(2 210 000)	(2 024 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Expanded Public Works Programme Grant is used to be an incentive to the expand work creation efforts through the use of the labour intensive delivery methods.

**28.2.3 National: Financial Management Grant**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 550 000	1 550 000
Conditions Met - Transferred to Revenue: Operating	(1 550 000)	(1 550 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (eg. salary cost of the Financial Management Interns).

**28.2.4 National: Municipal Infrastructure Grant**

Debtors - Transfers and Subsidies	-	(2 960 482)
Current Year Receipts	23 025 000	22 592 000
Conditions Met - Transferred to Revenue - Operating	(2 977 588)	(2 560 633)
Conditions Met - Transferred to Revenue - Capital	(19 850 588)	(17 070 885)
<b>Unspent Balance at the End of the Year</b>	<b>196 824</b>	<b>-</b>

The Municipal Infrastructure Grant (MIG) was used to upgrade infrastructure in previously disadvantaged areas.

**28.2.5 National: Integrated National Electrification Grant**

Unspent Balance at the Beginning of the Year	276 314	675 158
Current Year Receipts	2 890 000	-
Conditions Met - Transferred to Revenue - Operating	(376 957)	(3 611)
Conditions Met - Transferred to Revenue - Capital	(2 513 043)	(24 075)
Repayment	(276 314)	(371 158)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>276 314</b>

Then National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings)

**28.2.6 National: Neighbourhood Development Partnership Grant**

Balance unspent at the beginning of the year	399 441	144 191
Current-year receipts	10 000 000	20 000 000
Conditions met - Transferred to revenue: Operating	-	(1 690 051)
Conditions met - Transferred to revenue: Capital	-	(11 267 004)
Repayment	(399 441)	(6 787 695)
<b>Unspent Balance at the End of the Year</b>	<b>10 000 000</b>	<b>399 441</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**28.2.7 National: Water Services Infrastructure Grant**

Balance unspent at the beginning of the year	21 093 000	-
Current year receipts	20 000 000	21 093 000
Conditions Met - Transferred to Revenue - Operating	(4 037 173)	-
Conditions met - Transferred to revenue: Capital	(26 914 488)	-
<b>Unspent Balance at the End of the Year</b>	<b>10 141 338</b>	<b>21 093 000</b>

**28.2.8 Provincial: Development of sport and recreation facilities**

Balance unspent at the beginning of the year	800 000	-
Current year receipts	800 000	800 000
Conditions Met - Transferred to Revenue - Capital	(304 580)	-
<b>Unspent Balance at the End of the Year</b>	<b>1 295 420</b>	<b>800 000</b>

**28.2.9 Provincial: SMME Booster Fund 2021**

Balance unspent at the beginning of the year	857 000	-
Current year receipts	(300 663)	-
Conditions Met - Transferred to Revenue - Capital	556 337	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

**28.2.10 CWD: Construction of Boundary Walls of Sports Fields**

Balance unspent at the beginning of the year	32 199	32 199
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
<b>Unspent Balance at the End of the Year</b>	<b>32 199</b>	<b>32 199</b>

**28.2.11 Provincial: Library Services Grant - MRF**

Unspent Balance at the Beginning of the Year	970 044	382 548
Current Year Receipts	6 731 000	6 380 000
Conditions Met - Transferred to Revenue - Operating	(7 219 494)	(5 792 504)
Conditions Met - Transferred to Revenue - Capital	(481 550)	-
<b>Unspent Balance at the End of the Year</b>	<b>0</b>	<b>970 044</b>

The Community Library Services MRF grant is used to transform urban and rural community library infrastructure, facilities and service (primarily targeting previously disadvantaged communities) through a recapitalise programme at provincial level in support of local government and national initiatives. Eg (Salaries and operational costs).

**28.2.12 Provincial: Community Library Services Grant**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	3 042 000	3 539 000
Conditions Met - Transferred to Revenue - Operating	(3 042 000)	(3 539 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff.

**28.2.13 Provincial: Municipal Library Support Fund**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 304 000	-
Conditions Met - Transferred to Revenue	(758 696)	-
<b>Unspent Balance at the End of the Year</b>	<b>545 304</b>	<b>-</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**28.2.14 Provincial: Municipal Maintenance and construction of Transport Infrastructure**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

**28.2.15 Provincial: Department Human Settlement (Beneficiaries)**

Balance unspent at the beginning of the year	292 344	208 344
Current year receipts	13 631 065	2 490 869
Conditions Met - Transferred to Revenue - Operating	(13 923 409)	(2 406 869)
Repayment	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>292 344</b>

This grant is for the building of low cost housing. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses. No funds have been withheld. The municipality received more than what was appropriated in the extraordinary Gazette 8531 dated 15 December 2021. Approval was granted by the transferring department to spend the allocation of 2022/23 in the 2021/22 financial year.

**28.2.16 Provincial: Department Human Settlement (Title Deed Restoration)**

Balance unspent at the beginning of the year	3 227 757	3 316 348
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	(19 346)	(88 591)
<b>Unspent Balance at the End of the Year</b>	<b>3 208 411</b>	<b>3 227 757</b>

**28.2.17 Provincial: Western Cape Financial Management Capacity Building Grant**

Unspent Balance at the Beginning of the Year	135 000	739 000
Current Year Receipts	250 000	300 000
Conditions Met - Transferred to Revenue - Operating	(188 000)	(165 000)
Repaid to Treasury Revenue Fund	(135 000)	(739 000)
<b>Unspent Balance at the End of the Year</b>	<b>62 000</b>	<b>135 000</b>

**28.2.18 Provincial: Community Development Workers Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts	38 000	38 000
Conditions Met - Transferred to Revenue - Operating	(38 000)	(38 000)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

**28.2.19 Provincial: Municipal Electrical Masterplan Grant**

Balance unspent at the beginning of the year	770 000	-
Current year receipts	-	770 000
Conditions Met - Transferred to Revenue - Operating	(342 609)	-
<b>Unspent Balance at the End of the Year</b>	<b>427 391</b>	<b>770 000</b>

**28.2.20 Provincial: Western Cape Financial Management Support Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts	550 000	-
Conditions Met - Transferred to Revenue - Operating	-	-
<b>Unspent Balance at the End of the Year</b>	<b>550 000</b>	<b>-</b>

Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**28.2.21 Provincial: Local Government Public Employment Support Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts	1 400 000	-
Conditions Met - Transferred to Revenue - Operating	(643 972)	-
<b>Unspent Balance at the End of the Year</b>	<b>756 028</b>	<b>-</b>

**28.2.22 Bakery Project**

Balance unspent at the beginning of the year	168 875	168 875
Current-year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
<b>Unspent Balance at the End of the Year</b>	<b>168 875</b>	<b>168 875</b>

**28.2.23 Community Safety**

Balance unspent at the beginning of the year	566 353	477 553
Current year receipts	-	240 000
Conditions Met - Transferred to Revenue - Operating	-	(151 200)
<b>Unspent Balance at the End of the Year</b>	<b>566 353</b>	<b>566 353</b>

The grant was used to repair the water pipelines and to detect the water pipelines by CCTV cameras.

**28.2.24 CDWM: EPWP Projects**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	500 000	500 000
Conditions Met - Transferred to Revenue - Operating	(480 270)	(500 000)
<b>Unspent Balance at the End of the Year</b>	<b>19 730</b>	<b>-</b>

**28.2.25 CWDM: Tourism Route Development Project**

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	100 000	-
Conditions Met - Transferred to Revenue - Operating	(100 000)	-
Repaid to National Treasury Revenue Fund	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

**28.2.26 Councillors Laptops**

Balance unspent at the beginning of the year	65 217	-
Debtor raised - Transferred to non-exchange transactions	-	500 000
Laptops bought - Funds not yet received: Capital	-	(434 783)
<b>Unspent Balance at the End of the Year</b>	<b>65 217</b>	<b>65 217</b>

The grant was used to purchase the necessary electronic equipment for councillors. A Receivable from Non-Exchange transactions was raised for this amount in 2020.

**28.2.27 SETA Grant**

Unspent Balance at the Beginning of the Year	0	356789
Current Year Receipts	575 289	251832
Conditions Met - Transferred to Revenue - Operating	(575 289)	(608 621)
<b>Unspent Balance at the End of the Year</b>	<b>0</b>	<b>0</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**29. SERVICE CHARGES**

**Availability Charges From Non-Exchange Transactions**

Electricity Availability Charges	1 463 204	1 329 482
Water Availability Charges	511 408	1 109 513
Sewerage and Sanitation Availability Charges	1 004 849	981 441

<b>Total Non-Exchange Service Charges</b>	<b>2 979 461</b>	<b>3 420 436</b>
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**Service Charges From Exchange Transactions**

Sale of Electricity	526 253 501	462 635 342
Sale of Water	53 774 639	45 260 081
Refuse Removal	27 726 338	21 508 056
Sewerage and Sanitation Charges	29 711 164	23 621 906

<b>Total Exchange Service Charges</b>	<b>637 465 642</b>	<b>553 025 385</b>
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<b>Total Service Charges</b>	<b>640 445 103</b>	<b>556 445 821</b>
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The above service charges includes free basic services and revenue foregone for the different services. The revenue foregone amounts to R 26,123,195 (2021: R 43,213,037).

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers

**30. SALES OF GOODS AND RENDERING OF SERVICES**

Advertisements	8 598	6 161
Building Plan Approval	1 274 620	1 126 684
Cemetery and Burial	497 063	459 879
Cleaning and Removal	65 150	-
Development Charges	2 425 511	1 955 485
Encroachment Fees	65 275	80 355
Entrance Fees	338 473	-
Fire Services	211 063	82 738
Legal Fees	-	314 935
Photocopies and Faxes	63 252	15 781
Removal of Restrictions	7 286	8 695
Sale of Goods	719 882	447 413
Scrap, Waste & Other Goods	51 338	1 187 334
Traffic Control	31 270	11 875
Valuation Services	279 694	219 265

<b>Total Sales of Goods and Rendering of Services</b>	<b>6 038 475</b>	<b>5 916 600</b>
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**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**31. INCOME FROM AGENCY SERVICES**

Commission on Vehicle Registration	5 106 265	5 166 816
<b>Total Income from Agency Services</b>	<b>5 106 265</b>	<b>5 166 816</b>

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee of 12%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

R718 889 (2021: R741 899), Revenue due to the Principal not paid over at year end is included in Payables from Exchange transactions.

**Amount of revenue retained by the municipality**

Income from Agency Fees	5 106 265	5 166 816
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**Amount of revenue received on behalf of the principle during the reporting period**

Motor vehicle licence fees	26 132 666	25 970 026
RTMC transaction fees	2 056 176	1 954 584

**32. RENTAL FROM FIXED ASSETS**

**Straight-lined Operating Lease**

Other Fixed Assets:	3 178 764	2 795 556
Property Plant and Equipment	3 178 764	2 795 556

Ad-hoc Rental Income from Other Fixed	186 500	107 232
Property Plant and Equipment	186 500	107 232

<b>Total Rental of Facilities and</b>	<b>3 365 264</b>	<b>2 902 788</b>
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Rental income generated are at market related premiums. All rental income recognised is therefore market related.

**33. FINANCE INCOME**

**Non-exchange Receivables:**

Outstanding Billing Debtors	1 084 613	640 594
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<b>Total Non-exchange Finance Income</b>	<b>1 084 613</b>	<b>640 594</b>
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**External Investments:**

Bank Account	5 827 676	3 917 938
Investments	9 808 873	6 524 900
	<b>15 636 549</b>	<b>10 442 838</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Outstanding Exchange Receivables:**

Long-term Debtors	15 415	6 593
Housing & Housing Selling Schemes	15 415	6 593
Outstanding Billing Debtors	2 657 744	2 259 091
Electricity	843 499	809 415
Property Rental Debtors	18 422	18 287
Service Charges	68 685	129 742
Waste Management	493 728	380 591
Waste Water Management	594 440	450 631
Water	638 970	470 425
	<b>2 673 159</b>	<b>2 265 684</b>
<b>Total Exchange Finance Income</b>	<b>18 309 708</b>	<b>12 708 522</b>
<b>Total Finance Income</b>	<b>19 394 321</b>	<b>13 349 116</b>

**34. OPERATIONAL REVENUE**

Administrative Handling Fees	247 490	61 227
Bad Debts Recovered	549 045	-
Commission	307 141	295 172
Incidental Cash Surpluses	17 751	25 807
Insurance Refund	3 719 999	4 486 594
Merchandising, Jobbing and Contracts	54 076	58 945
Registration Fees	227 732	333 247
Request for Information	5 974	7 865
Staff Recoveries	90 391	28 535
Contribution to Provision	-	6 855 152
<b>Total Operational Revenue</b>	<b>5 219 599</b>	<b>12 152 544</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	2022 R	2021 R
<b>35. EMPLOYEE RELATED COSTS</b>		
Salaries and Wages:		
Basic	145 450 495	132 990 000
Long Service Awards	1 225 776	1 045 001
Bonuses	702 840	616 319
Leave Payments	9 122 619	8 458 627
Overtime	10 372 920	8 440 636
Allowances:		
Acting and Post Related Allowances	145 797	227 745
Bonus Allowance	10 334 810	10 273 299
Cellular and Telephone	808 990	671 570
Fire Brigade	443 828	381 700
Housing Benefits	690 149	1 922 262
Standby Allowance	4 257 640	3 906 022
Travel or Motor Vehicle	5 302 269	4 649 811
Uniform/Special/Protective Clothing	39	78
Social Contributions:		
Bargaining Council	92 690	87 952
Group Life Insurance	182 236	181 485
Medical	7 335 428	7 177 093
Pension	23 312 068	22 008 419
Unemployment Insurance	911 836	1 197 750
Post-retirement Benefits:		
Current Service Cost	1 741 000	1 422 999
Actuarial Gains and Losses	(5 458 060)	4 888 519
<b>Total Employee Related</b>	<b>216 975 370</b>	<b>210 547 287</b>
<b>35.1 Remuneration of Section 57 Employees:</b>		
<b>Remuneration of the Municipal Manager: SA Mokweni (Retired on the 31 August 2020)</b>		
Annual Remuneration	-	273 969
Performance Bonus	-	267 537
Car and Other Allowances	-	18 000
Cell Phone Allowance	-	9 818
Company Contributions to UIF and Pension Funds	-	46 433
Payments in lieu of leave	-	124 201
<b>Total</b>	<b>-</b>	<b>739 959</b>
<b>Remuneration of the Municipal Manager: ASA de Klerk (Resigned on the 30 June 2022)</b>		
Annual Remuneration	1 093 760	385 455
Performance Bonus	218 056	-
Car and Other Allowances	96 000	32 000
Cell Phone Allowance	58 909	-
Company Contributions to UIF and Pension Funds	196 877	70 117
Payments in lieu of leave	111 998	19 636
<b>Total</b>	<b>1 775 600</b>	<b>507 209</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Remuneration of the Chief Financial Officer: B Brown** (Resigned on the 31 May 2020)

Annual Remuneration	-	-
Performance Bonus	-	189 331
Car and Other Allowances	-	-
Cell Phone Allowance	-	-
Payments in lieu of leave	-	-
Company Contributions to UIF and Pension Funds	-	-
<b>Total</b>	<b>-</b>	<b>189 331</b>

**Remuneration of the Chief Financial Officer: M Shude** (Appointed on the 01 October 2020)

Annual Remuneration	912 917	685 705
Performance Bonus	151 340	-
Car and Other Allowances	264 625	180 000
Cell Phone Allowance	44 746	33 559
Company Contributions to UIF and Pension Funds	-	17 452
Payments in lieu of leave	81 522	58 877
<b>Total</b>	<b>1 455 151</b>	<b>975 593</b>

**Remuneration of the Director: Corporate Services - AWJ Everson**

Annual Remuneration	1 350 138	1 348 325
Performance Bonus	57 395	63 841
Car and Other Allowances	102 603	102 603
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	243 025	244 838
Payments in lieu of leave	130 444	161 525
<b>Total</b>	<b>1 928 351</b>	<b>1 965 878</b>

**Remuneration of Director: Infrastructure and Engineering - M Johnson**

Annual Remuneration	851 320	901 581
Cell Phone Allowance	44 746	44 746
Medical Aid contributions	53 003	49 072
Car and Other Allowances	176 666	176 666
Company Contributions to UIF and Pension Funds	176 904	189 538
Performance Bonus	113 210	117 403
<b>Total</b>	<b>1 415 850</b>	<b>1 479 007</b>

**Remuneration of Director: Community Services - M Mgajo**

Annual Remuneration	1 101 092	1 099 279
Performance Bonus	70 282	145 525
Medical Aid Allowance	57 277	57 277
Car and Other Allowances	49 068	49 068
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	198 197	200 010
<b>Total</b>	<b>1 520 662</b>	<b>1 595 905</b>

**Remuneration of Director: Strategy and Social Development - CO Matthys**

Annual Remuneration	1 354 722	1 352 909
Performance Bonus	50 957	63 946
Car and Other Allowances	100 000	100 000
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF, Medical and Pension Funds	243 850	245 663
Payments in lieu of leave	-	64 723
<b>Total</b>	<b>1 794 275</b>	<b>1 871 987</b>

**Summary of Remuneration of Section 57 Employees:**

All Directors	<b>9 889 889</b>	<b>9 324 868</b>
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**Total Remuneration of Section 57 Employees**

<b>9 889 889</b>	<b>9 324 868</b>
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**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**36. REMUNERATION OF COUNCILLORS**

Executive Mayor	937 436	938 250
Deputy Executive Mayor	484 440	759 478
Speaker	760 196	759 478
Mayoral Committee Members	2 529 276	2 859 148
Total for All Other Councillors	6 039 478	5 384 748

<b>Total Councillors' Remuneration</b>	<b>10 750 827</b>	<b>10 701 102</b>
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**Remuneration of Councillors:**

30 June 2022	Basic salary	Travel allowance	Other allowances	Pension and	Total
Executive mayor	669 554	96 440	40 880	130 563	937 436
Deputy executive mayor	388 181	70 000	26 259	0	484 440
Speaker	526 624	90 000	40 880	102 692	760 196
Executive mayoral committee members	2 125 594	153 032	147 683	102 967	2 529 276
Section 79 committee chairperson	662 903	36 842	88 050	24 577	812 372
Councillors	4 085 874	117 616	607 412	416 205	5 227 107
	<b>8 458 730</b>	<b>563 930</b>	<b>951 164</b>	<b>777 003</b>	<b>10 750 826</b>

30 June 2021	Basic salary	Travel allowance	Other allowances	Pension and	Total
Executive mayor	600 806	85 033	36 823	120 090	842 753
Deputy executive mayor	648 445	18 000	44 400	48 633	759 478
Speaker	61 575	11 407	8 426	12 007	93 415
Executive mayoral committee members	2 014 718	117 661	177 600	390 794	2 700 774
Section 79 committee chairperson	2 216 287	235 707	242 320	105 998	2 800 311
Councillors	2 439 377	99 094	503 581	462 319	3 504 372
	<b>7 981 207</b>	<b>566 902</b>	<b>1 013 150</b>	<b>1 139 842</b>	<b>10 701 102</b>

Initial(s) and Surname - Council Members	Designation 2022	Designation 2021	2022 Total	2021 Total
HM Jansen	-	-		17 945
Ald SW van Eeden	Mayor	Mayor	937 436	918 224
Cllr D Joubert	Deputy Mayor	Deputy Mayor	490 528	759 478
Cllr JD Burger	Member of Mayoral Committee	Member of Mayoral Committee	182 902	677 444
Cllr DB Janse	Member of Mayoral Committee	Member of Mayoral Committee	473 728	677 443
Cllr EMJ Scheffers	Member of Mayoral Committee	Member of Mayoral Committee	259 905	677 443
Cllr SW Strauss	Member of Mayoral Committee	Member of Mayoral Committee	-	-
Cllr SW van Zyl	Member of Mayoral Committee	Member of Mayoral Committee	259 905	677 443
NJ Beginsel	Member of Council and Section 79	Member of Council and Section 79	213 778	118 552
Cllr P Hess	Speaker	Speaker	760 196	712 840
Cllr J Kriel	Member of Council and Section 79	Member of Council and Section 79	147 326	407 417
Cllr DJW Kuhn	Member of Council and Section 79	Member of Council and Section 79	147 325	407 417

# LANGEBERG LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Cllr H Mangenengene	-	-	67 903
Cllr SD Beginsel	Member of Council and Section 79	Member of Council and Section 79	211 121
Cllr LM Swanepoel	Member of Council	Member of Council	339 423
Cllr JDF van Zyl	Member of Council	Member of Council	327 270
Cllr E Bosjan	Member of Council	Member of Council	327 270
S du Plessis	Member of Council	Member of Council	327 270
Cllr CJ Grootboom	Member of Council	Member of Council	327 270
Cllr JJS Januarie	Member of Council	Member of Council	327 270
Cllr JS Mafilika	Member of Council	Member of Council	327 270
Cllr LJ Prince	Member of Council and Section 79	Member of Council and Section 79	325 454
Cllr BH Nteta	Member of Council	Member of Council	327 270
Cllr AJ Shibili	Member of Council	Member of Council	327 270
Cllr OC Simpson	Member of Council	Member of Council	327 270
Cllr TM van der Merwe	Section 79	Member of Council and Section 79	395 264
Cllr EW Hohlo	Section 80	Member of Council and Section 79	364 861
Cllr LM Papa	Member of Council	-	-
Cllr SD Janse	Member of Council	-	-
Cllr L Gxowa	Member of Council	-	-
Cllr A Ndongeni	Member of Council	-	-
Cllr LL Kahla	Member of Council	-	-
Cllr C Steyn	Mayco Member	-	-
Cllr MG Oostendorff	Member of Council	-	-
Cllr DAT Felix	Mayco Member	-	-
Cllr Y Siegel	Member of Council	-	-
Cllr JCJ Coetzee	Mayco Member	-	-
Cllr CJ Pokwas	Member of council	-	-
Cllr JG Steenkamp	Deputy Mayor	-	-
Cllr RC Henn	Speaker	-	-
Cllr TV Coetzee	Member of Council	-	-
Cllr D September	Section 79 MPAC	-	-
Cllr M Gertse	Member of Council	-	-
Cllr HF Arendse	Member of Council	-	-
		8 966	
		<b>10 750 826</b>	<b>10 701 101</b>

### **In-kind Benefits**

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the municipality.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**37. DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	36 696 812	32 985 035
Depreciation: Investment Property	72 587	60 073
<b>Total Depreciation and Amortisation</b>	<b>36 769 399</b>	<b>33 018 166</b>

**38. BAD DEBT WRITTEN OFF**

Bad Debts Written Off	25 808 416	10 679 186
<b>Total Bad Debts Written Off</b>	<b>25 808 416</b>	<b>10 679 186</b>

Implementation of new indigent cycle, resulting in increased debt impairment or debt write-off

**39. IMPAIRMENT LOSSES**

Property, Plant and Equipment	60 645	3 765 746
Receivables from Exchange Transactions	4 883 349	5 387 292
Receivables from Non-Exchange Transactions	7 773 639	1 614 170
Reversal of Impairment	552 421	(648 639)
<b>Total Impairment Losses</b>	<b>13 270 054</b>	<b>10 118 569</b>

**40. INVENTORY LOSSES**

Inventory Gains\ (Losses)	30 840	6 107
<b>Total Inventory Gains\ (Losses)</b>	<b>30 840</b>	<b>6 107</b>

**41. Finance Cost**

Interest Paid:	16 187 928	14 801 448
Borrowings	3 630 348	4 156 149
Finance Leases	58 796	162 753
Interest costs Non-Current Provisions	6 299 784	5 227 544
Employee Benefits Interest	6 199 000	5 255 002
<b>Total Finance Cost</b>	<b>16 187 928</b>	<b>14 801 448</b>

**42. BULK PURCHASES**

Electricity	422 441 810	364 560 122
Water	5 706 977	6 289 996
<b>Total Bulk Purchases</b>	<b>428 148 787</b>	<b>370 850 118</b>

**43. CONTRACTED SERVICES**

Outsourced Services	2 403 034	3 294 768
Consultants and Professional Services	5 043 492	3 557 491
Contractors	21 648 784	21 160 637
<b>Total Contracted Services</b>	<b>29 095 310</b>	<b>28 012 896</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**43.1 Outsourced Services**

Burial Services	195 590	181 548
Business and Advisory	965 046	2 621 374
Cleaning Services	-	38
Personnel and Labour	36 350	37 000
Security Services	1 123 108	418 508
Transport Services	82 940	36 300
	<b>2 403 034</b>	<b>3 294 768</b>

**43.2 Consultants and Professional Services**

Business and Advisory	2 537 196	2 126 754
Infrastructure and Planning	872 989	-
Laboratory Services	381 887	292 440
Legal Cost	1 251 420	1 138 297
	<b>5 043 492</b>	<b>3 557 491</b>

**43.3 Contractors**

Artists and Performers	118 036	125 500
Catering Services	10 860	5 420
Chipping	165 726	26 246
Electrical	2 672 682	3 504 528
Event Promoters	90 099	39 004
Fire Protection	13 800	-
Inspection Fees	707	40 652
Maintenance of Buildings and Facilities	927 420	1 272 280
Maintenance of Equipment	672 606	313 604
Maintenance of Computer Software	9 699 015	9 246 099
Management of Informal Settlements	2 237 340	2 185 755
Medical Services	42 879	60 174
Pest Control and Fumigation	1 800	-
Photographer	-	6 500
Plants, Flowers and Other Decorations	-	400
Prepaid Electricity Vendors	4 971 901	4 208 834
Preservation/Restoration/Dismantling/Cleaning Services	-	100 687
Safeguard and Security	23 913	23 196
Transportation	-	1 758
	<b>21 648 784</b>	<b>21 160 637</b>

**44. INVENTORY CONSUMED**

Consumables	11 969 598	2 913 088
Housing Stock	9 674 157	28 886 858
Materials and Supplies	17 505 194	16 599 192
<b>Total Inventory Consumed</b>	<b>39 148 949</b>	<b>48 399 138</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**45. TRANSFERS AND SUBSIDIES PAID**

<b>Operational Grants</b>	2 501 004	2 131 699
Allocations In-kind	63 653	43 578
Monetary Allocations	2 437 351	2 088 121
<b>Total Transfers and Subsidies Paid</b>	<b>2 501 004</b>	<b>2 131 699</b>

**46. OPERATING LEASES**

Other Assets	277 912	-
<b>Total Operating Leases</b>	<b>277 912</b>	<b>-</b>

**47. OPERATIONAL COSTS**

Included in Operational Expenses are the following:

Advertising, Publicity and Marketing	1 148 938	939 714
Bank Charges, Facility and Card Fees	881 854	845 330
Bursaries (Employees)	172 008	162 622
Cleaning Services	817	1 742
Commission	186 954	220 016
Communication	2 149 290	2 299 471
Contribution to Provisions	8 419 136	-
Courier and Delivery Services	3 167	688
Drivers Licences and Permits	14 658	12 340
External Audit Fees	4 538 801	4 624 676
External Computer Service	6 981 714	7 241 728
Full Time Union Representative	42 302	143 225
Hire Charges	1 425 146	550 034
Insurance Underwriting	3 573 663	4 276 862
Land Alienation Costs	93 355	-
Licences	574 370	597 930
Management Fee	125 000	-
Permits	-	330
Printing, Publications and Books	751 783	1 001 538
Professional Bodies, Membership and Subscription	2 439 549	2 403 981
Registration Fees	96 056	48 618
Remuneration to Ward Committees	539 015	567 500
Resettlement Cost	4 183	147 092
Roadworthy Test	5 338	9 112
Skills Development Fund Levy	1 920 266	1 484 033
System Access and Information Fees	118 890	91 668
Toll Gate Fees	5 230	-
Travel and Subsistence	224 636	317 636
Uniform and Protective Clothing	1 193 046	1 596 804
Wet Fuel	1 142 648	7 540 810
Witness Fees	-	420
Workmen's Compensation Fund	1 378 948	1 316 392
<b>Total Operational Costs</b>	<b>40 150 761</b>	<b>38 442 312</b>

**47.1 Travel and Subsistence**

<b>Domestic</b>	<b>84 380</b>	<b>217 344</b>
<b>Non-employees</b>	140 255	100 292
<b>Total Travel and Subsistence</b>	<b>224 635</b>	<b>317 636</b>

No other extraordinary expenses were incurred.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**48. GAINS AND LOSSES ON OTHER OPERATIONS**

Fair Value Gains on Investments	4 289	63 047
<b>Total Gains on Other Operations</b>	<b>4 289</b>	<b>63 047</b>
Fair Value Losses on Investments	2 295	-
<b>Total Losses on Other Operations</b>	<b>2 295</b>	<b>-</b>

**49. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS**

Property, Plant and Equipment	370 866	340 743
<b>Total Gains / (Losses) on Disposal of Capital Assets</b>	<b>370 866</b>	<b>340 743</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**50. CORRECTION OF ANNUAL FINANCIAL STATEMENTS**

**50.1 Reclassification and Correction Error - Revenue**

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Reclassification of Revenue	Correction of Error	Restated Amount 2020/2021
Property Rates	59 485 886	-	-	59 485 886
Fines, Penalties and Forfeits	7 537 290	-	-	7 537 290
Availability Charges	3 420 436	-	-	3 420 436
Transfers and Subsidies	146 587 651	-	-	146 587 651
Finance Cost - Non- Exchange	640 594	-	-	640 594
Licences and Permits - Exchange	2 157 771	-	-	2 157 771
Service Charges	553 025 385	-	-	553 025 385
Sales of Goods and Rendering of Services	5 916 600	-	-	5 916 600
Income from Agency Services	5 166 816	-	-	5 166 816
Rental from Fixed Assets	2 902 788	-	-	2 902 788
Finance Cost - Exchange	12 708 523	-	-	12 708 522
Operational Revenue (Note 3)	13 136 689	-	(984 145)	12 152 544
Gains on Disposal of PPE	340 743	-	-	340 743
Gains on Other Operations	63 047	-	-	63 047
	<b>813 090 219</b>	<b>-</b>	<b>(984 145)</b>	<b>812 106 073</b>

**50.2 Reclassification and Correction of Error - Expenditure**

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Reclassification of Expenditure	Correction of Error	Restated Amount 2020/21
Employee Related Costs (Note 1)	214 863 139	(4 418 002)	102 150	210 547 287
Remuneration of Councillors	10 701 102	-	-	10 701 102
Depreciation and Amortisation (Note 3)	33 045 108	-	(26 942)	33 018 166
Inventory losses	6 107	-	-	6 107
Bad Debt Written Off	10 679 186	-	-	10 679 186
Impairment Losses	10 118 569	-	-	10 118 569
Finance Cost (Note 1)	10 383 446	4 418 002	-	14 801 448
Bulk Purchases	370 850 118	-	-	370 850 118
Contracted Services	28 012 896	-	-	28 012 896
Inventory Consumed (Note 2)	48 885 829	-	(486 691)	48 399 138
Transfers and Subsidies Paid	2 131 699	-	-	2 131 699
Operational Costs	38 442 312	-	-	38 442 312
	<b>778 119 511</b>	<b>-</b>	<b>(411 483)</b>	<b>777 708 028</b>

Note 1: Reclassification of Employee Cost - Finance Cost, based on evaluation of the nature of transactions

Note 2: Incorrectly expensed, should have been recognised as Inventory, effected the movement of the inventory cash flow

Note 3: Capitalised restorations cost (asset) and increase in profits incorrectly recognised resulting in overstatement

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**50.3 Reclassification of Statement of Financial Position**

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Reclassification of Financial Position	Correction of Error	Restated Amount 2020/21
<b>Current Assets</b>				
Inventories (Note 3)	14 978 988	-	486 691	15 465 679
Receivables from Exchange Transactions	50 823 698	-	-	50 823 698
Statutory Receivables from Exchange Transactions	1 155 500	-	-	1 155 500
Receivables from Non-exchange Transactions	10 120 496	-	-	10 120 496
Statutory Receivables from Non-exchange Transactions	4 891 378	-	-	4 891 378
Cash and Cash Equivalents	283 054 845	-	-	283 054 845
Lease Receivables	139 807	-	-	139 807
<b>Non-Current Assets</b>				
Property, Plant and Equipment	775 625 828	-	-	775 625 855
Intangible Assets	1 017 125	-	-	1 017 125
Investment Property	28 511 536	-	-	28 511 536
Heritage Assets	275 448	-	-	275 448
Investments	135 546	-	-	135 546
Long-term Receivables	661 179	-	-	661 179
<b>Current Liabilities</b>				
Consumer Deposits	14 280 417	-	-	14 280 417
Payables from Exchange Transactions	77 219 471	-	-	77 219 471
Unspent Conditional Grants and Receipts	28 796 545	-	-	28 796 545
Borrowings	4 059 825	-	-	4 059 825
Employee Benefit Liabilities (Note 2)	22 569 938	-	102 150	22 672 088
Provisions	25 915 395	-	-	25 915 395
Lease Payables	811 759	-	-	811 759
<b>Non-Current Liabilities</b>				
Lease Payables	232 750	-	-	232 750
Borrowings	35 847 706	-	-	35 847 706
Employee Benefit Liabilities	61 444 000	-	-	61 444 000
Provisions (Note 1)	45 608 041	-	957 230	46 565 270
<b>Net Assets</b>				
Reserves	62 920 999	-	-	62 920 999
Accumulated Surplus / (Deficit)	791 684 535	-	(572 667)	791 111 868
	<u>7</u>	<u>-</u>	<u>(5)</u>	<u>1</u>

Note 1: Reversal of Landfill Site - Bonnievale after re-evaluation. (Non-Cash Item, no effect on Cash Flow Statement)

Note 2: Reversal of Bonus after re-evaluation (Non-Cash Item, no effect on Cash flow Statement)

Note 3: Recognising inventory incorrectly expensed (Non-Cash Item, no effect on Cash flow Statement)

**51. CHANGE IN ACCOUNTING POLICY**

The municipality adopted the following Accounting Standards for the first time during the financial year 2019/2020 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 110 Living and Non-living Resources

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2019/2020 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

**51.1 GRAP 110 - Living and Non-living Resources**

The Accounting Standard for Living and Non-living Resources not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2022 in terms of GRAP 110.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 110.

**52. CASH GENERATED BY OPERATIONS**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>Surplus</b>	104 303 815	34 410 259
Adjustments for:		
Depreciation and amortisation	36 769 399	33 045 109
(Gain)/loss on sale of assets and liabilities	(370 866)	(340 743)
Fair value adjustments	(1 994)	(63 047)
PPE - Impairment loss	60 645	3 765 746
Debtors Impairment	12 953 593	6 352 823
Bad debts written off	25 808 416	10 679 186
Movements in retirement benefit assets and liabilities	21 301 951	30 586 167
Movements in provisions	14 718 920	(2 611 753)
Impairment of movement of Investment Property	255 816	(531 503)
Other - Movements	1	101 477
Donated Assets - Public contributions	(1 351 053)	(477 897)
Operating lease income accrued	30 546	(31 212)
Inventories losses	(30 840)	(6 107)
Accumulated Surplus - Opening Balance adjustment	-	
<b>Changes in working capital:</b>		
Decrease/(Increase) in Inventories	(3 577 762)	25 713 502
Decrease/(Increase) in Receivables from exchange transactions	(36 977 720)	(3 193 448)
Decrease/(Increase) in Receivables from non-exchange transactions	(9 191 308)	1 835 748
Decrease / (Increase) in Statutory receivables from non-exchange transactions	(3 298 053)	-
Decrease/(Increase) in Payables from exchange transactions	15 072 106	(286 896)
Decrease/(Increase) in VAT statutory receivables	(1 430 756)	363 364
Decrease/(Increase) in Unspent conditional grants and receipts	(205 116)	22 153 918
Decrease/(Increase) in Movement in employee benefit liability	(20 366 529)	(21 869 909)
Decrease/(Increase) in Movement in provisions	(1 683 285)	1
<b>OPERATING ACTIVITIES</b>	<b>152 789 926</b>	<b>139 594 785</b>

**53. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**53.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:

Opening Balance:	14 763 598	10 055 780
Unauthorised Expenditure Current Year:	-	4 707 818
Written-off by Council:	(14 763 598)	-
Unauthorised Expenditure awaiting authorisation	<b>(0)</b>	<b>14 763 598</b>

Unauthorised expenditure can be summarised as follows:

**Incident**

Over expenditure of operating budget on Corporate services - 2019 (R8 445 384)	-	-
Over expenditure of operating budget on Engineering services - 2019 (R1 610 395)	-	-
Over expenditure of operating budget on Community services due to transfer of serviced sites to beneficiaries - 2021 (Non Cash item) - (R4 707 818)	-	4 707 818

No Unauthorised Expenditure was incurred during the 2021/22 financial year.

-	<b>4 707 818</b>
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The over expenditure incurred by the Community Services on their operating budgets during the year is attributable to the following non-cash items: Transfer of serviced sites to beneficiaries.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**53.2 Fruitless and Wasteful Expenditure**

	2022 R	2021 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance as restated:	54 643	74 766
Fruitless and Wasteful Expenditure Incurred	71 303	77 599
Transfers to Receivables for recovery	(125 946)	(97 722)
<b>Closing Balance</b>	<b>-</b>	<b>54 643</b>

**53.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:		
<b>Opening Balance as restated:</b>	<b>1 096 656</b>	<b>-</b>
- As previously stated	1 096 656	-
Irregular Expenditure Incurred	245 184	1 096 656
- Identified in the current year relating to Current Year	125 000	1 096 656
- Identified in the current year relating to Prior Year	120 184	-
Written-off by Council:	(1 341 840)	-
- Current Year	(1 341 840)	-
- Prior Year	-	-
Transfer to Receivables for Recovery	-	-
<b>Closing Balance</b>	<b>-</b>	<b>1 096 656</b>

**54. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION**

**54.1 MUNICIPAL FINANCE MANAGEMENT ACT**

**54.1.1 Contributions to Organised Local Government - SALGA**

Opening Balance	-	-
Council Subscriptions	2 243 610	2 352 030
Amount Paid - current year	(2 243 610)	(2 352 030)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**54.1.2 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current Year Contributions	31 106 465	28 534 111
Amount Paid - current year	(31 106 465)	(28 534 111)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**54.1.3 Audit Fees**

Opening Balance	693 701	-
Current year Audit Fees	5 219 621	5 318 378
Audit Committee	(5 216 936)	(4 624 677)
<b>Balance Unpaid (included in Creditors)</b>	<b>696 387</b>	<b>693 701</b>

**54.1.4 PAYE, Skills Development Levy and UIF**

Opening Balance	15 816	15 816
Current year Payroll Deductions	29 750 532	27 462 501
Amount Paid - current year	(29 750 532)	(27 462 501)
<b>Balance Unpaid (included in Creditors)</b>	<b>15 816</b>	<b>15 816</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**54.1.5 VAT**

The net of VAT input receivables and VAT output payables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

**54.1.6 Councillor's arrear Consumer Accounts**

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts for more than 90 days.

<b>30 June 2022</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Dr GD Joubert	26 842	26 842	-
JG CD Steenkamp	681	681	-
CS Steyn	(550)	(550)	-
OC Jansen	5 140	5 140	-
AP Hess	773	773	-
SM Jansen	832	832	-
SW Van Eeden	1 510	1 510	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>35 229</b>	<b>35 229</b>	<b>-</b>

No councillors was in arrears up to or more than 90 days for the current year 2022

<b>30 June 2021</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Dr GD Joubert	2 655	2 655	-
JD Burger	2 286	2 286	-
JDF van Zyl	456	456	-
J Kriel	6 131	6 131	-
ME Esther	99	99	-
SW van Eeden	1 260	1 260	-
SW Strauss	(912)	(912)	-
TM van Der Merwe	(215)	(215)	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>11 760</b>	<b>11 760</b>	<b>-</b>

**54.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

**30 June 2022**

<b>Months</b>
July
August
September
October
November
December
January
February
March
April
May
June

<b>Single Supplier</b>	<b>Impractical</b>	<b>Emergency</b>	<b>Amount</b>
1	12	4	306 142
5	10	6	958 222
2	5	4	587 849
5	18	12	1 342 966
3	20	8	1 061 579
0	17	10	1 529 382
2	14	9	1 070 632
1	13	10	1 124 634
1	30	7	1 991 878
0	23	7	1 317 780
3	26	18	2 866 515
3	20	5	1 947 054
<b>26</b>	<b>208</b>	<b>100</b>	<b>16 104 632</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**30 June 2021**

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
2	2	5	961 831
3	3	2	147 344
2	9	7	873 467
2	7	3	269 839
1	7	1	103 985
1	16	9	1 385 047
3	18	2	918 268
1	21	4	1 664 141
2	15	2	1 354 536
1	9	8	1 017 798
3	9	1	523 879
1	4	8	740 619
22	120	52	<b>9 960 754</b>

**54.1.8 )(d)(i) of the MFMA**

Material Electricity and Water Losses were as follows and are not recoverable:

**Electricity:**

	Lost Units	Tariff	Value
<b>30 June 2022</b>	<u>21 417 789</u>	<u>1,9578</u>	<u>41 931 747</u>
<b>30 June 2021</b>	<u>16 312 776</u>	<u>1,2797</u>	<u>20 874 970</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2022	2021
<b>Volumes in kWh/year:</b>		
System Input Volume	320 087 930	326 193 668
Billed Consumption	<u>298 670 141</u>	<u>309 880 892</u>
Unaccounted	<u>21 417 789</u>	<u>16 312 776</u>
Normal distribution losses - 8% of electricity purchases	<u>21 417 789</u>	<u>16 312 776</u>
Percentage Distribution Loss	6,69%	5,00%

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Water:**

	Lost Units	Tariff	Value
<b>30 June 2022</b>	<u>712 510</u>	<u>7,5600</u>	<u>5 386 577</u>
<b>30 June 2021</b>	<u>1 031 320</u>	<u>7,2000</u>	<u>7 425 504</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2022	2021
<b>Volumes in Kl/year:</b>		
System Input Volume	7 644 907	7 719 360
Billed Consumption	<u>(6 932 397)</u>	<u>(6 688 040)</u>
Distribution Loss	<u>712 510</u>	<u>1 031 320</u>
Percentage Distribution Loss	9,32%	13,36%

**54.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

**55. COMMITMENTS FOR EXPENDITURE**

**55.1 Capital Commitments**

**- Already Contracted for but not provided (Incl VAT) :-**

*Property, Plant and Equipment*  
*Community*  
*Other*

35 658 463	59 507 590
24 540 272	55 964 562
5 502 230	1 482 258
5 615 961	2 060 769

**- Already Contracted for but not provided (Exl VAT):-**

*Property, Plant and Equipment*  
*Community Assets*  
*Other Assets*

31 007 359	51 745 730
21 339 367	48 664 837
4 784 548	1 288 920
4 883 444	1 791 973

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**56. FINANCIAL INSTRUMENTS**

**2022**  
**R**

**2021**  
**R**

**56.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

**Financial Assets at Amortised Cost:**

Non-current Long-term Receivables	Trading Service Debtors	400 287	661 179
Receivables from Exchange Transactions	Electricity	32 266 372	24 409 119
Receivables from Exchange Transactions	Refuse	4 566 845	3 059 624
Receivables from Exchange Transactions	Sewerage	4 879 193	3 331 289
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	4 412	5 272
Receivables from Exchange Transactions	Other Service Charges	5 250 322	12 005 119
Receivables from Exchange Transactions	Water	7 822 246	5 882 969
Receivables from Exchange Transactions	Affiliated/Related Parties/Associated	-	-
Receivables from Exchange Transactions	Property Rental Debtors	541 029	324 324
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Other Debtors	44 536	40 391
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	375	375
Receivables from Non-exchange Transactions	Insurance Claims	240 711	229 461
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	(23 154)	-
Receivables from Non-exchange Transactions	Other Receivables	3 158 756	2 979 719
Receivables from Non-exchange Transactions	Accrued Income	3 341	3 341
Receivables from Non-exchange Transactions	Deposits	8 158 511	6 907 975
Cash and Cash Equivalents	Call Deposits	266 585 050	145 062 763
Cash and Cash Equivalents	Bank Balances	91 795 579	137 982 882
Cash and Cash Equivalents	Cash Floats and Advances	9 200	9 200
Investments	Listed Shares	137 205	135 546

**Total Financial Assets**

**425 840 816**

**343 030 548**

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

**Financial Liabilities at Amortised Cost:**

Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	69 785	232 750
Non-current Borrowings	Development Bank of South Africa	31 912 840	35 847 706
Consumer Deposits	Electricity	13 196 425	12 994 298
Consumer Deposits	Water	381 745	147 917
Consumer Deposits	Other Deposits	2 205 038	1 138 202
Payables from Exchange Transactions	Other Payables	4 762 679	3 523 277
Payables from Exchange Transactions	Retentions	6 449 823	5 757 785
Payables from Exchange Transactions	Trade Creditors	68 181 899	56 801 484
Unspent Conditional Grants and Receipts		28 591 429	28 796 545
Current Finance Lease Obligations	Current Finance Lease Obligations	195 098	811 759
Current Borrowings	Development Bank of South Africa	4 062 325	4 059 825

**Total Financial Liabilities**

**160 009 086**

**150 111 548**

No Financial Instruments of the municipality have been reclassified during the year.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**56.2 Capital Risk Management**

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 24. and the Statement of Changes in Net Assets.

**Gearing Ratio**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
The gearing ratio at the year-end was as follows:		
Debt	36 240 048	40 952 040
Cash and Cash Equivalents	(358 389 829)	(283 054 845)
Net Debt	<u>(322 149 781)</u>	<u>(242 102 805)</u>
Equity	<u>958 336 682</u>	<u>854 032 867</u>
<b>Net debt to equity ratio</b>	<u><b>33,62%</b></u>	<u><b>28,35%</b></u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**56.3 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**56.4 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 56.8 to the Annual Financial Statements.

**56.5 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 56.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**56.5.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**56.5.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 56.8 below:

**Cash and Cash Equivalents:**

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2022 would have increased / decreased by R801 783 (30 June 2021: R605 010). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**56.6 Credit Risk Management**

**Credit Risk** refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

	2022 R	2021 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Investments	137 205	135 546
Long-term Receivables	400 287	661 179
Receivables from Exchange Transactions	56 813 048	50 823 698
Receivables from Non-exchange Transactions	11 538 165	10 120 496
Bank, Cash and Cash Equivalents	358 389 829	283 054 845
<b>Maximum Credit and Interest Risk Exposure</b>	<b>427 278 534</b>	<b>344 795 764</b>

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	78,93%	77,94%
- Other Receivables	1,22%	1,13%
- Other Debtors	0,04%	0,04%
- Prepayments and Advances	1,38%	1,95%
Non-Exchange Debtors:		
- Other not Classified	18,43%	18,94%
<b>Total Credit Risk</b>	<b>100,00%</b>	<b>100,00%</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Bank and Cash Balances**

ABSA Bank Ltd - Primary Bank Account	91 795 579	137 982 882
ABSA Bank Ltd - Limited Call Account- 2079771230	80 530 849	40 000 000
Nedbank - Call Account- 03/7881034971/000050	-	40 000 000
Nedbank - Call Account- 03/7881034971/000051	-	40 000 000
Nedbank - Call Account- 03/7881034971/000057	40 292 055	-
Standard Bank - 72350962 - 012	40 459 370	
Standard Bank - 72350962 - 013	40 189 863	
Standard Bank - 72350962 - 014	40 025 753	
Depositor Plus	25 087 159	25 062 763
Cash Equivalents	9 200	9 200
<b>Total Bank and Cash Balances</b>	<b>358 389 828</b>	<b>283 054 846</b>

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

<b>Total Receivables from Non-exchange Transactions</b>	<b>11 253 702</b>	<b>9 640 305</b>
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**Credit quality Groupings:**

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**56. FINANCIAL INSTRUMENTS (Continued)**

**56.1 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2022</b>								
Non-interest Bearing		-	123 769 038	123 769 038	-	-	-	-
Semi Floating Interest Rate Instruments		6,17%	36 240 048	36 240 048	-	-	-	-
			<b>160 009 086</b>	<b>160 009 086</b>	-	-	-	-
<b>30 June 2022</b>								
Non-interest Bearing		-%	109 159 508	109 159 508	-	-	-	-
Semi Floating Interest Rate Instruments		9,40%	40 952 040	40 952 040	-	-	-	-
			<b>150 111 548</b>	<b>150 111 548</b>	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2021</b>								
Non-interest Bearing		- %	67 322 982	67 315 982	3 000	3 000	1 000	-
Variable Interest Rate Instruments		4,88%	358 517 834	358 517 834	-	-	-	-
			<b>425 840 816</b>	<b>425 833 816</b>	<b>3 000</b>	<b>3 000</b>	<b>1 000</b>	-
<b>30 June 2021</b>								
Non-interest Bearing		-%	59 849 357	59 839 357	3 000	3 000	4 000	-
Variable Interest Rate Instruments		4,32%	283 181 191	283 181 191	-	-	-	-
			<b>343 030 548</b>	<b>343 020 548</b>	<b>3 000</b>	<b>3 000</b>	<b>4 000</b>	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

**56.2 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**57. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Pension Fund for Municipal Councillors, whilst employees belong to a variety of approved Pension and Provident Funds as described below.

**57.1 DEFINED BENEFIT SCHEMES**

**LA Retirement Fund (Previously Cape Joint Pension Fund):**

	<b>Last actuarial valuation</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Contributing members</b>		
LA Retirement Fund	June 2021	1 486 110,00	1 392 115,00	1		
					<b>2022</b>	<b>2021</b>
					<b>R</b>	<b>R</b>
<b>Contributions paid recognised in the statement of financial performance</b>						
LA Retirement Fund					49 785,84	32 067,36

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 104,9% (30 June 2020: 100,0%).

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2021 disclosed an actuarial valuation amounting to R1,486,110, 000 (30 June 2020: R1, 420,856,000), with a nett accumulated surplus of R69,420,000 (2020: R0 ), with a funding level of 104.9% (30 June 2020: 100.0%).

It is to be noted that :

- (i) The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- (ii) Pensioner liabilities include DB deferred member liabilities and a provision for future expenses related to these categories of membership.
- (iii) The funding level is determined by dividing the value of the assets of the pensioner account by the sum of the pensioner liabilities and the Solvency Reserve
- (v) The processing error reserve account held a negative balance of –R5.969 million as at 30 June 2021 representing -0.4% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 104,9% (30 June 2020 - 100,0%).

**Cape Retirement Fund:**

	<b>Last actuarial valuation</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Contributing members</b>		
Cape Retirement Fund	June 2021	672 300	460 592	702		
					<b>2022</b>	<b>2021</b>
					<b>R</b>	<b>R</b>
<b>Contributions paid recognised in the statement of financial performance</b>						
Cape Retirement Fund					20 905 366	19 483 740

The contribution rate payable is 9% by members and 18% by Council.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**57.2 DEFINED CONTRIBUTION SCHEMES**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

<b>Contributions paid recognised in the statement of financial performance</b>				<b>2022 R</b>	<b>2021 R</b>
SALA Pension Fund				-	711 010
SAMWU National Provident Fund				-	1 538 448,80
	<b>Last actuarial valuation</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Contributing members</b>	
South African Local Authorities Pension Fund	July 2018	14 298 600	14 899 800	18	
Municipal Workers Retirement fund (previously SAMWU National Provident Fund)	July 2015	7 720 948	7 569 557	55	
		<u>22 019 548</u>	<u>22 469 357</u>		

**58. RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**58.1 Compensation of Related Parties**

Compensation of Close Family Members of Councillors and/or Key Management.  
Refer to note 35 and 36 for key management and councillors

	<b>2022 R</b>	<b>2021 R</b>
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**58.2 Purchases from Related Parties**

The municipality bought goods from the following companies, which are considered to be Related Parties:

<b>Company Name</b>	<b>Related Person</b>	<b>Employer and Capacity of person</b>	<b>Nature of Relationship to member of Council</b>	<b>Purchases for the Year</b>	<b>Purchases for the Year</b>
Advocate Ettienne Vermaak	JMC Vermaak	Pharmacist - Karl Bremmer Hospital	Spouse to Owner	150 497	87 821
Annadale Motors BK	E Wagner	PA - Langeberg Municipality	Spouse to Director	50 179	111 382
Bar Vallie Herstel & Ing. Werke	G van Loggerenberg	Teacher - Bonnievale High School	Child to Owner	710 101	588 972
Berry Bright	CC Buirman	Police Officer - SAPS	Spouse to Owner	11 500	1 730
Capital Security Services	JE Saayman	Ward 6 Community Member - Worcester	Spouse to Shareholder	-	3 045
Ludify	T Williams	Teacher - WCED	Mother to Owner	28 509	32 235
Lumber & Lawn	J van Zyl	Teacher - WCED	Spouse to Director	197 846	78 086
Mubseko Africa	S Niehaus	Dietician - Northern Cape Department Health	Child to Owner	-	-
Montague Trekkers	J Rossow	IT Technician - Langeberg Municipality	Child to Owner	-	-
Qinisekisa System Solution	A Olivier	Teacher - WCED	Spouse to Director	-	-
Rob Auto Electric	AWJ Everson	Director Corporate Service Langeberg Municipality	Father-in-law to Owner	156 917	75 870
Robertson Toyota	ZG Schreader	Teacher - WCED	Spouse to Director	46 912	73 114
Stemwet (Pty) Ltd T/A	M Stemmet	Teacher - WCED	Spouse to Owner	-	2 875
Van Niekerk & Linde Attorneys	S Rossow	Teacher - WCED	Spouse to Owner	167 667	113 171
Red Ants Security Services	N Lesiela	Practitioner - Mogale Municipality	Spouse to Director	2 572 941	2 513 618
Looras Civil Construction	NG Kewana	General Assistant (Roads)		-	-
Geraldine Suppliers	Bridget Cloete	Soldier SA Army - Pretoria	Father to Owner	48 030	176 387
Ducharme Consulting	L Mbekweni	Department of Rural Development and Land reform	Spouse to Director	190 269	-
<b>Total Purchases</b>				<u>4 331 368</u>	<u>3 858 306</u>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**59. CONTINGENT LIABILITIES**

Contingent Liability arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

a) Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017 Claim against the municipality for overpaid rates (REF LAN26/0200).	269 912	269 912
b) P Kleintjies - Water pipe burst causing damage to property	507 449	507 449
c) A J Davids - Damage to vehicle by trailer of of Municipality	13 800	13 800
d) J Williams - Motor accident claim with third party	13 300	13 300
e) Reality Dynamix 104 (PTY) LTD - Alleged loss of income due to sale of erven being cancelled	15 800 000	15 800 000
f) Japie Oosthuizen, Onverwacht Flora - Veld Fire McGregor - Loss of Income	2 725 037	-
g) Jaco Oosthuizen, Dwarswater - Veld Fire McGregor - Damage to Fencing / Plants	317 511	-
h) J J Havenga - Sewerage Spillage in Yard	20 200	-
g) D Janse v Rensburg - Damage to property (drive-way) caused by tree trunks	57 678	-
	<b>19 724 887</b>	<b>16 604 461</b>

**60. CONTINGENT ASSETS**

An investigation on a S24G fine was concluded after year end where it was resolved to be irregular expenditure. After the investigation Council concluded that it should be written off as irrecoverable.

<b>60.1 Court Proceedings:</b>	<b>2 448 426</b>	<b>2 448 426</b>
a) Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies.	348 426	348 426
b) Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.	2 100 000	2 100 000

**61. IN-KIND DONATIONS AND ASSISTANCE**

The municipality received the following in-kind donations and assistance 2022:

In-kind donations, to the total value of R 1,351,053 have been received by the Langeberg Local Municipality 2022.

In-kind donations, in the form of assets to the value of R 477,987.2 have been received by the Langeberg Local Municipality in 2021.

The in-kind donations are classified as followed:

Property, Plant and Equipment	1 351 053	477 987
Investment Property	-	-

**62. ANALYSIS OF AGENCY ACCOUNTING**

Prepaid Electricity Vendor	4 971 901	4 208 834
Third Party Vendor	186 954	220 016
Fees as compensation to agents (Vendors)	<b>5 158 856</b>	<b>4 428 850</b>

No resources were held by the agents on behalf of the municipality.

Terminations process will be followed per contract agreement due to non adherences of contract agreement requirements

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**63. EVENTS AFTER THE REPORTING DATE**

An investigation on a S24G fine of R125 000 was concluded after year end where as it was resolved to be irregular expenditure. Council resolved it should be written off as irrecoverable.

**64. COVID-19 EXPENDITURE**

**COVID Pandemic in South Africa**

Although the coronavirus was international news since December 2019, it was only on 5th March 2020 that the South African National Institute for Communicable Diseases confirmed that a suspected case of COVID-19 had tested positive. On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

The table below indicates the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2022:

	2022 R	2021 R
<b>Project Description</b>		
Tankering of Water	-	205 729
Sanitisation of taxi ranks/ public facilities/ inner cities	52 709	119 670
Employee related costs	-	11 449 000
PPE	128 493	82 923
Sanitisation of office building	18 234	142 345
Other	-	187 981
<b>Total COVID-19 Expenditure</b>	<b>199 436</b>	<b>12 187 648</b>

The table below indicates the Funding Sources for the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2022:

**COVID-19 FUNDING**

**Funding Sources for COVID-19 Expenditure**

Disaster Management Grant	-	141 620
Equitable Share	-	11 449 000
Libraries Municipal Replacement fund	18 967	-
Own Revenue	180 469	597 028
<b>Total Funding for COVID-19 Expenditure</b>	<b>199 436</b>	<b>12 187 648</b>

**65. GOING CONCERN ASSESSMENT**

The Langeberg Municipality has, despite the COVID- 19 Lockdown and adopting numerous COVID-19 protocols to avoid the spread of the virus, continued to provide essential services to the various communities in the municipal area. The municipality has updated its long term financial plan and going concern assessment to consider the expected impact of the worldwide COVID-19 pandemic and consequent possible changes in service delivery performance and the impact of risks and uncertainties outlined in the strategic report tabled in Council.

Considering the uncertainty of how the COVID-19 pandemic will resolve itself and long-term financial plan, the municipality has adopted the following mitigating strategies:

- (i) Monitoring the cash flow on daily basis;
- (ii) Reducing expenditure and applying cost containment measures;
- (iii) Reducing the capital investment programme annually for the next three financial years funded by capital grants only;
- (iv) Avoiding granting rate payers and customers relief measures. Where relief is granted, it will be in the form of delayed payments and no debt forgiveness will be
- (v) Prioritise decisions and actions that will support and strengthen the collection rate;
- (vi) Review the COVID-19 impact assessment as at 30 June 2022; and
- (vii) Amend the 2021/22 budget by freezing Employee Related Expenses:

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term. The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**66. SEGMENT REPORTING**

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to present comparative segment information on initial adoption of GRAP 18. The municipality is taking advantage of the transitional provisions by not presenting comparative segment information. The municipality intends to fully apply the requirements of GRAP 18 by 30 June 2022.

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Community Services:-**  
This segment consists of all services for community & social development and and sport & recreation.
- **The segment for Road Transport:-**  
This segment consists of all services for the providing of road transport to the community
- **The segment for Trading Services:-**  
This segment consists of the following infrastructure services delivered to the community.
- **Energy Sources:-**  
This segment consists of all services for energy supply to the community.
- **Waste Management:-**  
This segment consists of all services for the management of solid waste in the municipal area.
- **Wastewater Management:-**  
This segment consists of all services for the management of waste water, including sewage, in the municipal area.
- **Water Management:-**  
This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**  
This segment consists of other variance services rendered in the municipal jurisdiction area.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

**The municipality operates within the following geographical areas:**

<b>WARD</b>	<b>AREA</b>
Ward 1	Robertson
Ward 2	Robertson Nkqubela
Ward 3	Robertson
Ward 4	Bonnievale (Happy Valley)
Ward 5	McGregor
Ward 6	Robertson
Ward 7	Montagu
Ward 8	Bonnievale
Ward 9	Ashton
Ward 10	Ashton Zolani
Ward 11	Ashton Rural
Ward 12	Montagu

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**67.1 Segmental Analysis of Financial Performance**

**Year Ended 30 June 2022**

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R		
<b>REVENUE</b>								
<b>Revenue from Non-exchange Transactions</b>								
Property Rates	-	-	-	-	-	-	92 757 614	92 757 614
Fines, Penalties and Forfeits	51 073	-	1 525 537	-	-	-	9 133 750	10 710 360
Service Charges	-	-	1 463 204	-	1 004 849	511 408	-	2 979 461
Transfers and Subsidies	12 559 334	23 029 797	3 938 458	13 882 960	28 899 564	23 156 604	72 349 051	177 815 768
Surcharges and Taxes	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	1 084 613	1 084 613
<b>Revenue from Exchange Transactions</b>								
Licences and Permits	213 996	1 394 142	18 064	-	-	-	505 861	2 132 063
Service Charges	-	-	527 716 705	27 726 338	30 716 013	54 286 047	(2 979 461)	637 465 642
Sales of Goods and Rendering of Services	625 083	-	2 397 355	51 338	-	-	2 964 699	6 038 475
Income from Agency Services	-	-	-	-	-	-	5 106 265	5 106 265
Rental from Fixed Assets	661 791	-	-	-	-	-	2 703 473	3 365 264
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	18 309 708	18 309 708
Operational Revenue	-	40 010	-	-	-	3 650	5 175 939	5 219 599
Gains on Other Operations	-	-	-	-	-	-	4 289	4 289
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	370 866	370 866
Inventory Losses	-	-	-	-	-	-	30 840	30 840
<b>Total Revenue</b>	<b>14 111 277</b>	<b>24 463 949</b>	<b>537 059 323</b>	<b>41 660 636</b>	<b>60 620 426</b>	<b>77 957 709</b>	<b>207 517 507</b>	<b>963 390 827</b>
<b>EXPENDITURE</b>								
Employee Related Costs	35 338 156	9 464 461	17 674 637	21 041 321	14 318 593	14 925 950	104 212 252	216 975 370
Remuneration of Councillors	-	-	-	-	-	-	10 750 827	10 750 827
Depreciation and Amortisation	2 808 860	8 577 558	5 218 991	2 246 214	4 316 255	6 042 470	7 559 051	36 769 399
Impairment Losses	28 093	-	2 025 490	6 448 229	7 443 397	8 574 363	-	-
- Total Losses, Including PPE	28 093	-	1 684 647	1 374 170	974 000	1 421 647	7 787 497	13 270 054
- Bad Debts Written Off	-	-	346 867	5 074 059	6 469 397	7 152 716	6 765 377	25 808 416
Interest, Dividends and Rent on Land	-	-	3 130 204	6 299 784	392 470	107 674	6 257 796	16 187 928
Bulk Purchases	-	-	422 441 810	-	-	5 706 977	-	428 148 787
Contracted Services	1 312 687	1 036 338	1 302 058	1 501 304	5 170 260	5 129 664	13 642 999	29 095 310
Inventory Consumed	2 249 542	4 689 192	3 534 778	4 605 580	3 740 128	6 384 700	13 945 029	39 148 949
Transfers and Subsidies Paid	100 000	-	-	-	-	-	2 401 004	2 501 004
Operating Leases	-	-	-	-	-	-	277 912	277 912
Operational Costs	1 119 431	1 386 008	904 252	10 879 608	747 564	694 827	24 419 071	40 150 761
Loss on Disposal of Property, Plant and Equipment	-	-	6 024	-	-	-	(6 024)	-
<b>Total Expenditure</b>	<b>42 956 769</b>	<b>25 153 557</b>	<b>456 244 268</b>	<b>53 022 040</b>	<b>36 128 667</b>	<b>47 566 625</b>	<b>198 012 791</b>	<b>859 084 717</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(28 845 492)</b>	<b>(689 608)</b>	<b>80 815 055</b>	<b>(11 361 404)</b>	<b>24 491 759</b>	<b>30 391 083,88</b>	<b>9 504 716</b>	<b>104 306 110</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**LANGEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)**

Year Ended 30 June 2021

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
		R	R	R	R	R		
<b>REVENUE</b>								
<b>Revenue from Non-exchange Transactions</b>								
Property Rates	-	-	-	-	-	-	59 485 886	59 485 886
Fines, Penalties and Forfeits	24 430	-	150 460	-	-	-	7 362 400	7 537 290
Licences and Permits	-	-	-	-	-	-	-	-
Transfers and Subsidies	9 973 124	19 631 518	1 240 596	15 101 795	17 226 890	5 846 520	77 567 208	146 587 651
Surcharges and Taxes	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	640 594	640 594
<b>Revenue from Exchange Transactions</b>								
Licences and Permits	132 052	1 487 256	1 287	-	-	-	537 176	2 157 771
Service Charges	-	-	463 964 824	21 508 056	24 603 347	46 369 594	-	556 445 821
Sales of Goods and Rendering of Services	790 215	-	1 952 392	39 702	-	-	3 134 290	5 916 599
Income from Agency Services	-	-	-	-	-	-	5 166 816	5 166 816
Rental from Fixed Assets	165 839	287	-	-	-	-	2 736 662	2 902 788
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	12 708 523	12 708 523
Operational Revenue	-	40 621	-	-	-	5 745	5 251 026	5 297 392
Intercompany/Parent-subsidiary Transactions	-	-	-	-	-	-	-	-
Gains on Other Operations	-	-	-	-	-	-	63 048	63 048
- Total Gains, Including PPE	9 682	46 121	695 580	105 595	101 045	127	368 028	1 326 178
Gains on Disposal of Property, Plant and Equipment	9 682	46 121	695 580	105 595	101 045	127	304 980	1 263 130
Inventory Losses	-	-	-	-	-	-	6 107	6 107
<b>Total Revenue</b>	<b>11 095 342</b>	<b>21 205 803</b>	<b>468 005 139</b>	<b>36 755 148</b>	<b>41 931 282</b>	<b>52 221 986</b>	<b>174 964 716</b>	<b>806 179 416</b>
<b>EXPENDITURE</b>								
Employee Related Costs	43 473 255	8 138 207	16 768 946	13 766 724	12 000 178	12 780 412	103 619 565	210 547 287
Remuneration of Councillors	-	-	-	-	-	-	10 701 101	10 701 101
Depreciation and Amortisation	2 711 466	6 669 820	4 665 894	2 082 824	4 170 262	5 450 374	7 267 527	33 018 167
Impairment Losses	12 569	23 966	4 738 213	1 346 408	2 389 773	3 382 989	8 903 837	20 797 755
- Total Losses, Including PPE	20 453	24 966	4 977 732	644 618	1 273 909	2 437 374	1 661 902	11 040 954
- Bad Debts Written Off	-	-	235 841	915 370	1 115 864	945 615	7 466 497	10 679 187
Interest, Dividends and Rent on Land	4 560 652	40 794	3 450 617	5 300 035	656 341	213 561	579 448	14 801 448
Bulk Purchases	-	-	364 560 122	-	-	6 289 996	-	370 850 118
Contracted Services	1 149 262	535 396	1 010 245	2 251 248	4 550 353	3 797 564	14 718 831	28 012 899
Inventory Consumed	740 951	1 476 880	2 487 974	3 067 139	3 887 495	4 867 124	31 871 576	48 399 139
Transfers and Subsidies Paid	140 000	-	-	-	-	-	1 991 699	2 131 699
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	1 733 614	2 816 623	1 698 618	(2 606 364)	671 722	1 033 949	26 239 000	31 587 162
Income Taxes	-	-	-	-	-	-	-	-
Statutory Payments other than Taxes	-	-	-	-	-	-	-	-
Loss on Disposal of Property, Plant and Equipment	7 884	1 000	475 360	213 580	-	-	224 562	922 386
<b>Total Expenditure</b>	<b>54 529 653</b>	<b>19 702 686</b>	<b>399 855 989</b>	<b>25 421 594</b>	<b>28 326 124</b>	<b>37 815 969</b>	<b>206 117 146</b>	<b>771 769 161</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(43 434 311)</b>	<b>1 503 117</b>	<b>68 149 150</b>	<b>11 333 554</b>	<b>13 605 158</b>	<b>14 406 017,00</b>	<b>(31 152 430,00)</b>	<b>34 410 255</b>

**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**67.2 Segmental Analysis of Capital Expenditure**

2022 Description	Budget Amounts	Actual Outcome
<b>CAPITAL EXPENDITURE PER FUNCTION</b>		
Community and Social Services	13 076 546	7 590 267
Road Transport	31 653 913	22 629 739
Energy Sources	8 363 043	8 259 920
Waste Management	3 353 538	2 722 388
Waste Water Management	16 000 380	13 148 100
Water Management	34 475 595	20 576 028
Other	1 710 000	1 105 505
<b>Total Capital Expenditure</b>	<b>108 633 015</b>	<b>76 031 947</b>

2021 Description	Budget Amounts	Actual Outcome
	R	R
<b>CAPITAL EXPENDITURE PER FUNCTION</b>		
Community and Social Services	5 721 883	3 962 381
Road Transport	33 666 224	29 567 771
Energy Sources	24 409 778	11 913 760
Waste Management	2 170 000	2 003 507
Waste Water Management	12 392 255	189 940
Water Management	15 623 303	5 634 205
Other	15 338 159	4 363 087
<b>Total Capital Expenditure</b>	<b>109 321 602</b>	<b>57 634 651</b>



**LANGEBERG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**67.3 Segmental Analysis of Financial Position**

The main components of the Financial Position that is currently considered, and management, within the defined municipal segments have been determined as follows:

**67.3.1 Receivables from Exchange and Non-Exchange Transactions**

2022	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other
<b>Description</b>							
Receivables from Exchange Transactions							
Electricity	-	-	32 266 372	-	-	-	-
Refuse	-	-	-	4 566 845	-	-	-
Sewerage	-	-	-	-	4 879 193	-	-
Water	-	-	-	-	-	7 822 246	-
Statutory Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	7 370 080
<b>Total Receivables from Exchange and Non-</b>	<b>-</b>	<b>-</b>	<b>32 266 372</b>	<b>4 566 845</b>	<b>4 879 193</b>	<b>7 822 246</b>	<b>7 370 080</b>

2021	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other
<b>Description</b>							
Receivables from Exchange Transactions							
Electricity	-	-	24 409 119	-	-	-	-
Refuse	-	-	-	3 059 624	-	-	-
Sewerage	-	-	-	0	3 331 289	-	-
Water	-	-	-	-	-	5 882 969	-
Statutory Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	4 415 143
<b>Total Receivables from Exchange and Non-</b>	<b>-</b>	<b>-</b>	<b>24 409 119</b>	<b>3 059 624</b>	<b>3 331 289</b>	<b>5 882 969</b>	<b>4 415 143</b>

**67.3.2 Property, Plant and Equipment**

2022	Community and Social	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
<b>Description</b>								
Property, Plant and Equipment	58 798 480	165 604 233	137 043 577	36 756 587	91 538 211	151 670 676	181 342 105	822 753 869

2021	Community	Road	Energy	Waste	Wastewater	Water	Other	Total for Municipality
<b>Description</b>								
Property, Plant and Equipment	56 989 083	153 240 731	130 807 741	33 289 071	83 372 878	135 673 975	182 252 376	775 625 855